
B Management and accountability

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

Overview

Role and structure

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

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

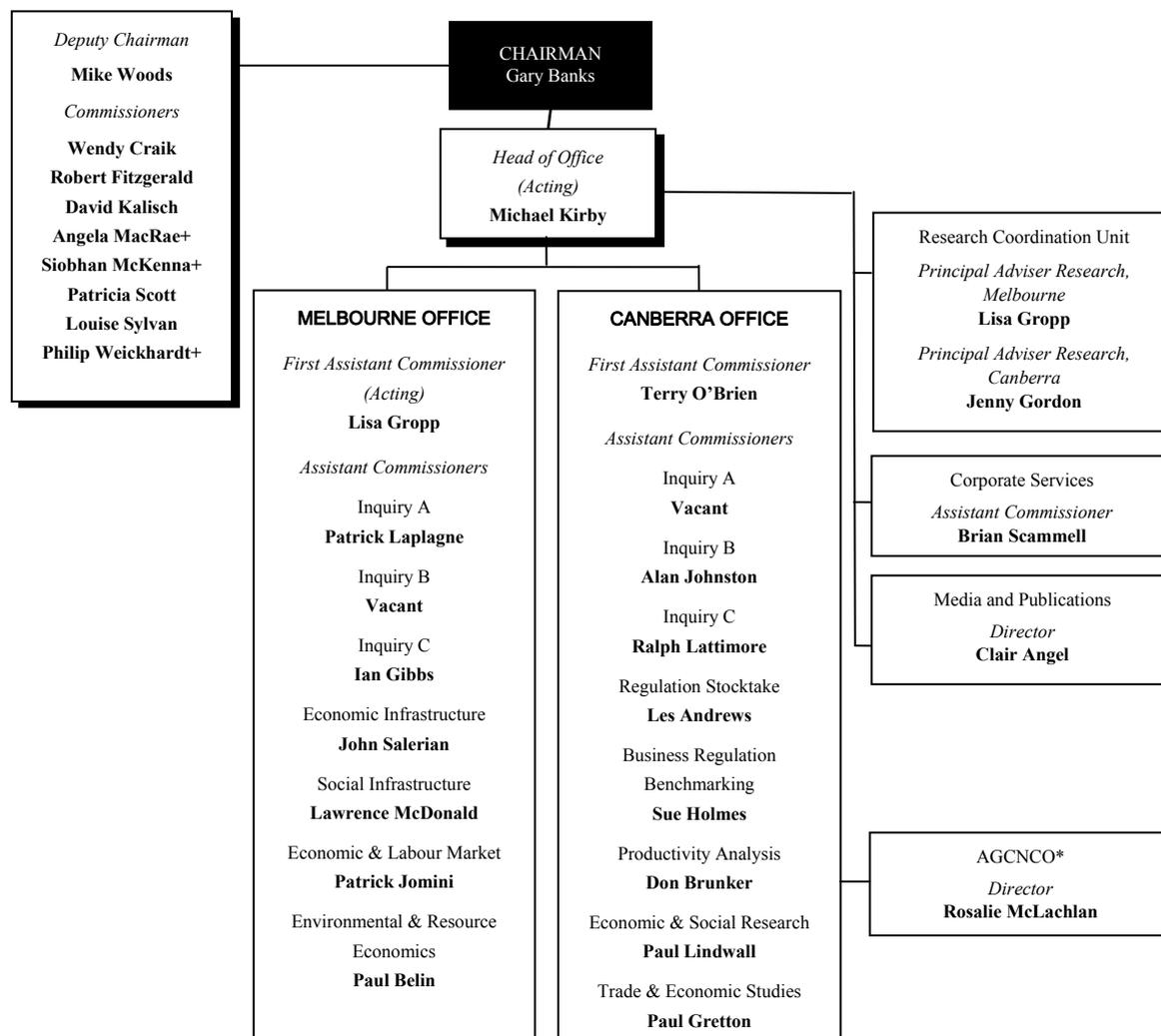
The Commission's structure and senior staff at 30 June 2010 are shown in figure B.1.

Commissioners

At 30 June 2010 there were ten members of the Commission, including the Chairman. Three Commissioners held part-time appointments.

Commissioner Neil Byron resigned with effect from 19 March 2010. Commissioner Judith Sloan's term of appointment expired on 16 April 2010.

Figure B.1 Productivity Commission structure and senior staff, 30 June 2010



+ Part-time Commissioners

* Australian Government Competitive Neutrality Complaints Office

Patricia Scott was appointed a full-time Commissioner on 7 September 2009 for a period of five years. Ms Scott had been Secretary of the Department of Broadband, Communications and the Digital Economy. She had earlier been Secretary of the Department of Communications, Information Technology and the Arts, and Secretary of the Department of Human Services. Ms Scott had also held senior positions in the Department of the Prime Minister and Cabinet and the Department of Industry, Tourism and Resources. Before joining the Australian Public Service in 1990, Ms Scott was an economist at the Reserve Bank. She has a Bachelor of

Economics from the Australian National University and a Master of Economics from Macquarie University.

Biographical information on other Commissioners is available on the Commission's website and their terms of appointment are listed in table B1.1 of attachment B1.

Associate Commissioners

At 30 June 2010 six Associate Commissioner appointments were current (table B1.2 of attachment B1).

On 16 November 2009 Mr Andrew Stoler was appointed on a part-time basis to assist with the commissioned study on Bilateral and Regional Trade Agreements. Mr Stoler is the Executive Director of the Institute for International Trade and is an Adjunct Professor of International Trade at the University of Adelaide. He is a Governor of the American Chamber of Commerce in Australia and is a member of a number of international advisory committees on international trade. Mr Stoler has served as a Deputy Director-General at the WTO and has been a senior trade representative.

On 9 December 2009 Dr Warren Mundy was appointed on a part-time basis for the Business and Consumer Services commissioned study, which is part of the five-year rolling review of regulatory burdens on business. Dr Mundy is Director of Bluestone Consulting, advising on infrastructure services, and especially airports and seaports. He is also Deputy Chair of Airservices Australia. For a number of years he was the principal regulatory and economic adviser to the Australian Council for Infrastructure Development. He has held senior executive roles in the airports industry in both Australia and Europe and has worked for the Reserve Bank and the WA Treasury Corporation.

On 22 February 2010 Dr Cliff Samson was appointed on a part-time basis to assist with the inquiry into Rural Research and Development Corporations. Dr Samson has previously held senior positions in the Department of Agriculture, Fisheries and Forestry, including Deputy Secretary of the Department, Executive Director of the Australian Quarantine and Inspection Service and Executive Director of the Bureau of Rural Sciences. Dr Samson has also been a member of the National Rural Advisory Committee, the Wheat Export Authority, the Advisory Board of the Australian Centre for Intellectual Property in Agriculture and was for several years the Government Director on the Board of the Grains Research and Development Corporation.

On 1 April 2010 Mr Paul Coghlan was re-appointed on a part-time basis to assist with the current stage of the Commission's work stream on Performance Benchmarking of Australian Business Regulation, focusing on benchmarking of regulations relating to land development approvals and planning and zoning. Mr Coghlan had previously assisted the Commission in the benchmarking of food safety regulation and occupational health and safety regulation. Mr Coghlan has extensive experience in regulatory review activities, including as a former head of the Office of Regulation Review. He has previously been appointed as a part-time Associate Commissioner for the commissioned study on Standard Setting and Laboratory Accreditation conducted in 2006.

Mr John Walsh was appointed on a part-time basis with effect from 14 April 2010 for the duration of the inquiry into disability care and support. Mr Walsh is a Partner in the Advisory Practice of PricewaterhouseCoopers and is part of the PricewaterhouseCoopers National Health practice, with consulting responsibilities in the areas of health, disability and accident compensation — particularly lifetime care and support. Mr Walsh was a member of the Disability Investment Group, which reported to Government in 2009 on funding ideas to help people with disability and their families access greater support and plan for the future.

On 15 May 2010, Ms Sue Macri AM was appointed on a part-time basis to assist with the inquiry into Caring for Older Australians. Ms Macri has more than a decade of experience as a Director of Nursing/ CEO in the private hospital system, and has represented the aged care industry at both a state and national level on Ministerial working parties, committees and reviews. In 2007 she was named a Member in the General Division of the Order of Australia, for service to the community in the area of aged care, particularly in the review and development of industry standards, accreditation and future management practices, and to nurse education and training.

Associate Commissioner appointments completed during 2009-10 are listed in table B1.3 of attachment B1.

Staff

The average staffing level during 2009-10 was 188 compared to 184 in 2008-09.

The Commission recruited 25 staff during the year, including seven through its graduate recruitment program. Staff turnover was approximately 6 per cent.

Statistical information on staffing is provided in tables B1.4 to B1.6 of attachment B1.

Outcome objective and resources

The financial and staffing resources devoted to the achievement of the Government's desired outcome objective for the Commission — outlined on page 114 — are summarised in table B.1. An agency resource statement for 2009-10 is included at Attachment B2. Performance information in respect of this outcome is provided in appendix C.

Table B.1 Financial and staffing resources summary

	<i>Budget *</i> 2009-10 \$'000	<i>Actual</i> 2009-10 \$'000	<i>Variation</i> \$'000
Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective	(a)	(b)	(a-b)
Program 1.1 Productivity Commission			
Departmental Expenses			
Ordinary annual services (Appropriation Bill No. 1)	34 388	33 065	1 323
Revenues from independent sources (Section 31)	617	617	-
Expenses not requiring appropriation in the Budget year	35	35	-
Total for Outcome 1	35 040	33 717	1 323
	2008-09	2009-10	
Average Staffing Level (number)	184	188	

* Full-year budget, including any subsequent adjustment made to the 2009-10 Budget

Governance

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

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

- establishing clear responsibilities for decision making and the undertaking of mandated activities
- ensuring accountability through the monitoring of progress, and compliance with legislative and other requirements, of mandated activities

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- underpinning these arrangements through the promotion of a risk management and ethical behaviour culture.

Key responsibilities

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

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

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

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

Accountability

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

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

- presiding Commissioners on government-commissioned projects report monthly on significant issues and progress against key milestones

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- the Research Committee reports on a quarterly basis on the status and future directions of the research program
 - the activities of the Steering Committee for the Review of Government Service Provision, chaired by the Chairman of the Commission, are reported on a quarterly basis
 - a Commissioner designated with responsibility for competitive neutrality issues reports to the Commission on a quarterly basis
 - the Head of Office provides Commissioners with a monthly update on key management issues.

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

Risk management and fraud control

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

The Commission has prepared a fraud risk assessment and fraud control plan and has in place appropriate fraud prevention, detection, investigation reporting and data collection procedures and processes that meet the specific needs of the Commission and comply with the Commonwealth Fraud Control Guidelines. No instances of fraud were reported during 2009-10. The Chairman's certification in respect of fraud control is at Attachment B3.

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

Ethical standards

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

- It has embraced the Australian Public Service (APS) Values and Code of Conduct. The Commission's various employment agreements contain a

commitment from employees to at all times conduct themselves in a manner consistent with the Values and Code.

- All employees have been provided with a copy of the Values and Code, while new employees receive a copy as part of their induction.
- Senior managers in particular are encouraged to set an example through the ethical and prudent use of Commonwealth resources.

The Commission has developed a number of specific policies relating to ethical standards which have regard to its own operational context. These deal with matters such as email and internet use, harassment and bullying, discrimination, fraud, disclosure of information, and managing conflicts of interest. The policies are readily available to all employees. Staff awareness and training sessions are offered in these topics.

External and internal scrutiny

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

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

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

Performance against the charters is monitored on an exceptions basis — that is, by complaints to designated senior managers. No complaints were received during 2009-10 in respect of either charter.

The Auditor-General issued an unqualified independent audit report on the Commission's 2009-10 financial statements.

References to particular reports of the Commission made by federal parliamentary committees during the year are detailed in appendix C. Details of the Commission's appearances at Senate Estimates hearings in 2009-10 are included in appendix C in response to a further suggestion by the Committee.

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

Website and publications: The Commission's website continues to provide a valuable source of information about the current work of the Commission, its publications and other activities. During 2009-10 the Commission continued to enhance the structure and presentation of website content, with a particular focus on accessibility for participants in the Commission's public inquiry into a long-term disability care and support scheme.

Information technology: Maintenance, review and upgrade of Commission ICT infrastructure has continued. Major upgrades were made to the Commission's server environment and web infrastructure in 2009-10.

Human Resources: During 2009-10, the Commission reviewed its employee performance management program. The Commission continued a system of performance appraisal for staff and senior executives, including 'upwards appraisal' for Commissioners, intended to enhance individual development and improve organisational performance. The Commission's staff development program also had a particular focus on leadership development during 2009-10.

Internal Audit: The Commission re-engaged an accounting firm, PKF, to conduct a program of internal audits over a three-year period commencing in 2009-10. Internal audits conducted in 2009-10 focused on fraud risk assessment and IT disaster recovery. No control or compliance deficiencies involving unacceptable risk were identified.

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

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

Management of human resources

The Commission's human resources management operates within the context of relevant legislation, government policy and Commission-developed policy. Day-to-day management is devolved to senior managers within a broad framework agreed

by Management Committee. The Committee routinely monitors the performance of people management functions through a range of feedback mechanisms, including through standing reports to its monthly meetings.

Workforce planning

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

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

The Commission reviews its graduate recruitment process annually with a view to increasing the awareness of graduating university students of the Commission as a potential employer. Seven new employees were engaged during 2009-10 through the Commission's graduate recruitment program.

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

Remuneration and employment conditions

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

The Commission's 18 Senior Executive Service (SES) employees are employed under individual determinations under the *Public Service Act 1999*. SES remuneration is set in the context of public and private sector benchmarks, including those contained in the APS SES Remuneration Survey conducted for the Department of Education, Employment and Workplace Relations.

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

During 2009-10, a new enterprise agreement under the *Fair Work Act 2009* was negotiated with the Commission's non-SES employees. The agreement has a nominal expiry date of 30 June 2011. The levels of remuneration and terms and conditions of employment of approximately 170 employees are covered by this agreement.

The enterprise agreement places a strong emphasis on performance outcomes as the means of achieving remuneration increases. The agreement also includes a number of provisions aimed at providing work/life balance and a satisfying and rewarding work environment for employees.

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

Performance management and pay

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

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

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

Under the Commission's enterprise agreement, all salary increases are conditional upon employees being rated fully effective in their performance appraisal. Senior Executive remuneration continues to include potential to receive a performance related bonus, in keeping with the policy of having a higher proportion of SES employees' remuneration 'at risk'. For Principal Executive Officers, bonuses of up to 15 per cent of total remuneration are available within the Remuneration Tribunal framework.

Performance bonuses paid for 2009-10 are summarised in table B.2.

Table B.2 Performance bonuses paid for 2009-10

<i>Classification level</i>	<i>Employees receiving bonus</i>	<i>Total bonuses paid</i>	<i>Average bonus paid</i>
Staff Level 1	3	3 024	1 008
Staff Level 2	6	5 478	913
Staff Level 3	12	15 657	1 305
Staff Level 4	14	25 419	1 816
SES	19	206 139	10 849
Principal Executive Officers	7	121 049	17 293
Total	61	376 766	6 176

Consultative arrangements

The key employee consultative mechanism is the Productivity Commission Consultative Committee (PCCC). The composition of the PCCC was renewed in 2010 in accordance with the relevant provision of the new enterprise agreement. From February 2010 the PCCC comprised five elected employee representatives, a CPSU representative, and four management representatives. The PCCC met on several occasions during the year to discuss a range of workplace issues.

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

The Commission also undertakes a staff opinion survey every two to three years. The survey seeks staff views on a range of organisational and management issues, and is designed to help identify areas where current practices could be improved and ways to provide a better working environment for staff. The most recent survey was conducted in October 2008 and had a focus on employee engagement.

Learning and development

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

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

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

Recorded expenditure on learning and development in 2009-10 was 2 per cent of the annual salary budget. This expenditure related to:

- 148 employees who undertook a total of 568 days of specific training and development
- 79 attended general development programs
- 8 employees who received studies assistance in the form of paid leave and assistance with fees in the pursuit of tertiary qualifications
- 1 employee received assistance as part of a Post Graduate Study Award.

The above activities are in addition to one-on-one coaching to address particular development needs and extensive on-the-job training within the Commission.

Occupational health & safety (OHS)

An OHS Committee oversees the Commission's health and safety program. Committee membership includes health and safety representatives and staff observers from both offices. The Committee met four times during 2009-10.

The Commission has developed health and safety management arrangements in consultation with staff. During 2009-10 Comcare, the agency responsible for workplace safety, rehabilitation and compensation in the Commonwealth jurisdiction, conducted an investigation into the health and safety management arrangements in several agencies. Comcare found that the Commission complies with the requirements of the relevant legislation, and that the Commission had demonstrated a commitment to consultation in the development of health and safety management arrangements, including having adequate processes in place to review and vary the arrangements and resolve disputes in relation to OHS matters, should they arise.

No other formal OHS investigations were conducted during the year and the Commission was not required to give any notices under section 68 of the *Occupational Health and Safety Act 1991*. No notices under sections 29, 46 or 47 of that Act were given to the Commission during 2009-10.

OHS activities during the year included:

- Commission-funded flu vaccinations (take up rate in 2009-10 was around 56 per cent)
- ergonomic work station assessments (83 were completed, including 26 as part of the induction program — they are provided for all new employees as well as existing employees who require advice, particularly after a workplace relocation)
- regular workplace hazard inspections conducted by members of the OHS Committee
- desk calendars for all employees promoting emergency evacuation and threat procedures
- the opportunity for employees to complete working hours questionnaires
- workplace health-related seminars.

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

An indicator of the effectiveness of the Commission's OHS programs is Comcare's workers' compensation rate. The Commission's rate for 2009-10 was assessed at approximately one-eighth of the rate for the whole-of-Australian Government pool.

Employee Assistance Program

The Commission offers its employees independent, confidential and professional counselling, consultation and training assistance for work-related or personal issues. Twenty employees or their families utilised the service in 2009-10.

Workplace diversity

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

Commonwealth Disability Strategy

The Commonwealth Disability Strategy is designed to help agencies improve access for people with disabilities to their services and facilities. Attachment B3 provides a summary of the Commission's performance in this area during 2009-10.

Financial performance

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

The annual Appropriation Acts provide the major source of revenue for the operations of the Commission. Revenue from government increased in 2009-10 to \$34.4 million (\$31.6 million in 2008-09). Revenue from other sources was consistent with the previous year at \$0.7 million.

Additional funding was provided to the Commission in the 2009-10 Budget, as part of the measure relating to implementation of the COAG federal financial framework. Further information on that funding is provided in the 2009-10 Treasury Portfolio Budget Statements.

Operating expenses also increased in 2009-10 to \$33.7 million (\$31.8 million in 2008-09). The major expenses in 2009-10 were \$25.2 million in respect of employee expenses, \$7.4 million relating to supplier payments, and \$1.1 million in asset depreciation, amortisation and related expenses.

The operating result for 2009-10 was a \$1.3 million surplus (\$0.6 million in 2008-09).

Table B.1 provides a summary of financial and staffing resources. The agency resource statement is provided at Attachment B2. The audited financial statements for 2009-10 are shown in appendix G.

Other information

Purchasing

The Commission applies the Commonwealth Procurement Guidelines. The Commission's purchases of goods and services during 2009-10 were consistent with the 'value-for-money' principle underpinning those guidelines.

The Commission did not enter into any contracts or standing offers that were exempt from being published on AusTender. Contracts of \$100 000 or more let during 2009-10 included a provision for the Auditor-General to have access to the contractor's premises if required.

Consultancies

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

During 2009-10, 16 new consultancy contracts were entered into involving total actual expenditure of \$49 232. There were no ongoing consultancy contracts from the previous year.

Table B.3 provides information on expenditure on consultants in the five years to 2009-10.

Further information on consultancies, as required by government reporting requirements, is provided in Attachment B4.

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

Table B.3 Expenditure on consultancies, 2005-06 to 2009-10

	2005-06	2006-07	2007-08	2008-09	2009-10
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenditure	308	229	493	124	49

Special payments

The Commission made a number of special payments during 2009-10. Such payments were made to organisations and activities judged by management as making a worthwhile contribution to the Commission's outputs. The main payments were as follows:

Consortium memberships: \$23 354 for membership of the Global Trade Analysis Project Consortium based at Purdue University in the United States. The Commission's contribution supports the development and updating of a publicly available database and model framework for multi-country trade policy analysis. It gives the Commission early access to database updates that are needed in its research, priority access to model training, and input to the future direction of model and database development.

Research partnerships: \$16 500 to the University of Canberra for an ARC partnership project on social and fiscal policy implications of an ageing population; and \$22 000 to the University of NSW for an ARC partnership project on productivity measurement in infrastructure, services, and research and development.

Conference sponsorships: \$5500 to the Australian Agricultural and Resource Economics Society National Conference 2010; \$11 000 for the Australian Conference of Economists 2009; \$2200 to the University of Western Australia for the 2009 PhD Conference in Economics and Business; \$27 500 to the 2009 Economic and Social Outlook Conference; and \$5500 to the Econometrics Society Australasian Meeting 2009 Conference.

Awards: \$1200 to the 2009 top student, Economics Honours, at Monash University (R H Snape Productivity Commission Prize); \$1000 to the top student, Master of Economics, at the Australian National University (Robert Jones Productivity Commission Prize); \$350 to the top Microeconomics student at La Trobe University.

Legal services

Total expenditure on legal services in 2009-10 was \$19 660. Further details are published on the Commission's website, in accordance with *Legal Services Directions 2005* issued by the Attorney-General.

Ecologically sustainable development (ESD)

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

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

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

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

Reflecting its statutory guidelines, ESD principles are integral to the Commission's analytical frameworks, their weighting depending on the particular inquiry or research topic. Examples of Commission projects where different aspects of ESD have arisen have been provided in past annual reports. Recent Commission reports on government drought support arrangements and market mechanisms for recovering water in the Murray-Darling Basin are further examples of work undertaken requiring integration of complex economic, social and environmental considerations.

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

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

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

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

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

Freedom of information

No requests were received in 2009-10 for access to information under the *Freedom of Information Act 1982*. A statement encompassing formal reporting requirements is provided in Attachment B5.

Advertising and market research

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

A total of \$145 490 was paid for advertising (including recruitment advertising) in 2009-10 to Adcorp Australia Ltd.

Publications and submissions

Appendix F lists all the Commission’s publications in 2009-10.

Annual reporting requirements and aids to access

Information contained in this annual report is provided in accordance with section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, section 49 of the *Financial Management and Accountability Act 1997* and section 8 of the *Freedom of Information Act 1982*.

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

The annual report has also been prepared in accordance with parliamentary requirements for departmental annual reports issued by the Department of the Prime Minister and Cabinet. A compliance index is provided in attachment B6.

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

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MELBOURNE VIC 8003
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The Commission’s internet home page is at <http://www.pc.gov.au>

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

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

Attachment B1

Commissioner and employee statistics

Table B1.1 Chairman and Commissioners, 30 June 2010

	<i>Current period of appointment</i>	
	<i>From</i>	<i>To</i>
Mr G R Banks AO (Chairman)	20 May 2008	19 May 2013
Mr M C Woods (Deputy Chairman)	17 Apr 2006	16 Apr 2011
Dr W Craik AM (C)	4 Jun 2009	3 Jun 2014
Mr R Fitzgerald AM (C)	27 Jan 2009	26 Jan 2014
Mr D Kalisch (C)	4 Jun 2009	3 Jun 2014
Ms A MacRae (M) (p/t)	19 Mar 2007	31 Oct 2010
Ms S McKenna (M) (p/t)	4 Jun 2009	3 Jun 2014
Ms P Scott (C)	7 Sep 2009	6 Sep 2014
Ms L Sylvan (C)	1 Aug 2008	31 July 2013
Mr P Weickhardt (M) (p/t)	4 Dec 2008	3 Dec 2013

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

Table B1.2 Part-time Associate Commissioners, 30 June 2010

	<i>Inquiry/Study</i>	<i>Period of appointment^a</i>	
		<i>From</i>	<i>To</i>
Mr A Stoler	Bilateral and Regional Trade Agreements.	16 Nov 2009	15 Dec 2010
Dr W Mundy	Annual Review of Regulatory Burdens on Business – Business and Consumer Services	9 Dec 2009	30 Sep 2010
Mr P Coghlan	Performance Benchmarking of Australian Business Regulation	1 Apr 2010	31 May 2011
Dr C Samson	Rural Research and Development Corporations	22 Feb 2010	14 Mar 2011
Mr J Walsh	Disability Care and Support	14 Apr 2010	13 Oct 2011
Ms S Macri AM	Caring for Older Australians	15 May 2010	31 May 2011

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

Table B1.3 Part-time Associate Commissioners completing appointments during 2009-10

	<i>Inquiry/Study</i>	<i>Period of appointment</i>	
		<i>From</i>	<i>To</i>
Prof A Fels AO	Regulation of Director and Executive Remuneration in Australia	17 Mar 2009	16 Jan 2010
Mr D Trewin AO	Contribution of the Not-for-Profit Sector	16 Mar 2009	26 Feb 2010
Mr P Coghlan	Performance Benchmarking of Australian Business Regulation	2 Feb 2009	31 Mar 2010

Table B1.4 Employees by location and gender, 30 June 2010

<i>Level</i>	<i>Melbourne</i>			<i>Canberra</i>			<i>Total</i>		
	<i>Female</i>	<i>Male</i>	<i>Total</i>	<i>Female</i>	<i>Male</i>	<i>Total</i>	<i>Female</i>	<i>Male</i>	<i>Total</i>
SES Band 3	0	1	1	0	0	0	0	1	1
SES Band 2	1	0	1	1	1	2	2	1	3
SES Band 1	0	7	7	1	6	7	1	13	14
Staff Level 4	9	14	23	6	16	22	15	30	45
Staff Level 3	20	10	30	6	9	15	26	19	45
Staff Level 2	20	15	35	5	11	16	25	26	51
Staff Level 1	14	4	18	9	3	12	23	7	30
Total^b	64	51	115	28	46	74	92	97	189
Corresponding totals at 30 June 2009 ^a	55	49	104	27	47	74	82	96	178

^a Totals exclude 8 inoperative employees at 30 June 2009. ^b Totals exclude 7 inoperative employees at 30 June 2010; 2010 totals also include 1 acting SEB3, 1 acting SL4, and 4 acting SL2s.

Table B1.5 Employees by employment status and gender, 30 June 2010

Level	Female			Male			Total		
	F/t	P/t	Total	F/t	P/t	Total	F/t	P/t	Total
SES Band 3	0	0	0	1	0	1	1	0	1
SES Band 2	2	0	2	1	0	1	3	0	3
SES Band 1	1	0	1	13	0	13	14	0	14
Staff Level 4	9	6	15	28	2	30	37	8	45
Staff Level 3	23	3	26	19	0	19	42	3	45
Staff Level 2	15	10	25	24	2	26	39	12	51
Staff Level 1	17	6	23	7	0	7	24	6	30
Total^b	67	25	92	93	4	97	160	29	189
Corresponding totals at 30 June 2009 ^a	59	23	82	93	3	96	152	26	178

^a Totals exclude 8 inoperative employees at 30 June 2009. ^b Totals exclude 7 inoperative employees at 30 June 2010 ; 2010 totals also include 1 acting SEB3, 1 acting SL4, and 4 acting SL2s.

Table B1.6 Employees by level and reason for separation, 2009-10

Level	Promotion	Transfer	Resignation	Invalidity			Other	Total
				Retirement	VRP ^a			
SES	0	0	1	0	0	0	1	
Staff Level 4	0	2	0	1	0	0	3	
Staff Level 3	0	2	2	0	0	0	4	
Staff Level 2	0	1	3	0	0	0	4	
Staff Level 1	0	0	0	0	0	0		
Total	0	5	6	1	0	0	12	
Corresponding totals at 30 June 2009	4	10	14	0	0	0	28	

^a Voluntary Redundancy Package

Attachment B2

Agency Resource Statement — 2009-10

	<i>Actual Available Appropriation 2009-10</i>	<i>Payments Made 2009-10</i>	<i>Balance Remaining</i>
	\$'000	\$'000	\$'000
	(a)	(b)	(a-b)
Ordinary Annual Services			
Departmental appropriation¹			
Prior year Departmental appropriation	5 727	—	—
Departmental appropriation 2009-10	34 88	29 914	10 201
S.31 Relevant agency receipts³	768	768	—
Total ordinary annual services	40 883	30 682	10 201
Other services			
Departmental non-operating ²			
Previous years' outputs	868	868	—
Total other services	868	868	—
Total Resourcing and Payments	41 751	31 550	10 201

¹ Appropriation Bill (No.1) 2009-10 and Appropriation Bill (No.3) 2009-10.

² Appropriation Bill (No.2) 2009-10 and Appropriation Bill (No.4) 2009-10.

³ Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.

Attachment B3



Australian Government
Productivity Commission

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From the Chairman's Office

26 August 2010

Annual Report 2009-10 – Fraud Control Certification

In accordance with Guideline 2.8 of the *Commonwealth Fraud Control Guidelines 2002* (the Guidelines), issued pursuant to Regulation 16A of the *Financial Management and Accountability Regulations 1997*, I hereby certify that I am satisfied that:

- the Productivity Commission has prepared fraud risk assessments and has in place a fraud control plan that complies with the Guidelines;
- appropriate fraud prevention, detection and investigation and reporting procedures and processes are in place; and
- annual fraud data has been collected and reported that complies with the Guidelines.

A handwritten signature in black ink that reads "Gary Banks".

Gary Banks AO
Chairman

Attachment B4

Commonwealth Disability Strategy (CDS): outcomes against performance indicators

Performance requirements of the 'policy adviser' role

<i>Performance indicator</i>	<i>Performance measure</i>	<i>Outcome</i>
New or revised program/policy proposals assess impact on the lives of people with disabilities prior to decision	Percentage of new or revised policy/program proposals that document that the impact of the proposal was considered prior to the decision making stage	<p>Commission policies have checklists that cover the consideration of access (including disability) matters. The extent to which such considerations develop varies from inquiry to inquiry.</p> <p>Project evaluation templates have a section included for comments on disability issues as defined in our Disability Action Plan. Any comments are monitored to assess if procedures need to be further reviewed. No concerns were noted in reports.</p> <p>The Commission continues to promote the awareness of issues related to people with disabilities to all new employees through its induction program and briefings to other employees as appropriate.</p>
People with disabilities are included in consultations about new or revised policy/program proposals	Percentage of consultations about new or revised policy/program proposals that are developed in consultation with people with disabilities	<p>Commission inquiries are open to the public. Where appropriate, consultation is facilitated by:</p> <ul style="list-style-type: none"> • advertisements in the national press inviting submissions • development of interested parties lists • website conforms to mandatory disability access requirements • portable hearing loop available for public hearings • checklist on accessibility at venues.
Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats for people with disabilities in a timely manner	Percentage of new, revised or proposed policy/program announcements available in a range of accessible formats	100 per cent available on website. The 'Accessibility' page on the website was updated in April 2010.

(continued next page)

Performance requirements of the 'employer' role

<i>Performance indicator</i>	<i>Performance measure</i>	<i>Outcome</i>
Employment policies, procedures and practices comply with the requirements of the <i>Disability Discrimination Act 1992</i>	Number of employment policies, procedures and practices that meet the requirements of the <i>Disability Discrimination Act 1992</i>	The Commission's Enterprise Agreement, Equity and Diversity Plan, Disability Action Plan and related policies and procedures have been developed with cognisance of the requirements of the Act.
Recruitment information for potential job applicants is available in accessible formats on request	<p>Percentage of recruitment information requested and provided in:</p> <ul style="list-style-type: none"> • accessible electronic formats • accessible formats other than electronic. <p>Average time taken to provide accessible information in:</p> <ul style="list-style-type: none"> • electronic format • formats other than electronic 	<p>All vacancies are advertised on the <i>APSJobs</i> website and on the Commission's website. Most vacancies are advertised in the press.</p> <ul style="list-style-type: none"> • 100 per cent available. • None requested. <ul style="list-style-type: none"> • Immediate. One electronic file request received for screen reader – provided by email within 24 hours. • Dependent on request. Information has been sourced on the procedures for requesting alternative formats such as Braille and audio and is available should a request be received.
Agency recruiters and managers apply the principle of 'reasonable adjustment'	Percentage of recruiters and managers provided with information on 'reasonable adjustment'	<p>Where relevant, selection panels are provided with this information.</p> <p>Managers receive information as required. Folders containing the list of candidates includes a reference to access and equity considerations, including 'reasonable adjustment'.</p> <p>A register has also been developed to record all requests for information in formats such as Braille and audiocassette. No requests were received during 2009-10.</p>
Training and development programs consider the needs of employees with disabilities	Percentage of training and development programs that consider the needs of employees with disabilities	Training nomination forms include a section requesting information on the additional needs of employees. It is monitored by the training administrator.

(continued next page)

<i>Performance indicator</i>	<i>Performance measure</i>	<i>Outcome</i>
Training and development programs include information on disability issues as they relate to the content of the program	Percentage of training and development programs that include information on disability issues as they relate to the program	Induction programs include information on these issues including our Equity and Diversity Plan, Access and Equity and Disability Action Plans.
Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised by employees relating to disability issues	Established complaints/grievance mechanisms, including access to external mechanisms, in operation	These issues can be addressed with managers, Harassment Contact Officers, Employee Assistance Program and formally with 'Review of Action' procedures which are available to all employees. No procedures were conducted in 2009-10.

Attachment B5

Consultancies

The following information is provided in accordance with government reporting requirements.

Selection

The Commission selects and engages consultants under the following circumstances:

- unavailability of specialist in-house resources within the project timeframe
- a need for independent expert advice, information or evaluation to assist in its research
- a need for specialised professional services including legal advice and benchmarking of its activities.

Procedures

The Commission's selection procedures follow the value-for-money objectives of the *Commonwealth Procurement Guidelines*. Under the *Productivity Commission Act 1998*, if the estimated value of a consultancy exceeds the amount prescribed by the regulations, the Chairman must ensure that an open, competitive tendering process is used in selecting the consultant. The amount prescribed by the regulations is \$80 000, which aligns with the mandatory open tender threshold set out in the procurement guidelines.

Purposes

The main purpose for which consultants were engaged in 2009-10 was to referee particular pieces of work.

Consultancies over \$10 000

There were no consultancies let in 2009-10 valued at \$10 000 or more.

Attachment B6

Freedom of Information Statement

The following information is provided in accordance with section 8(1) of the *Freedom of Information Act 1982*.

Organisation, role and functions

The role, functions and organisational structure of the Commission are detailed elsewhere in this report.

Arrangements for outside participation

The Commission is required under its Act to conduct public inquiries on matters referred to it by the Government and the Commission's inquiry procedures actively seek to encourage participation by all interested parties. In respect of its non-inquiry work, the Commission's procedures aim to promote transparency to the greatest extent possible.

The Commission may require people to send it information and summon persons to give evidence. People who assist the Commission by providing information, giving evidence at hearings or in any other way assist the Commission in the performance of its functions have protection under the Productivity Commission Act from intimidation and civil actions. Details of inquiry participation and consultation are given in each inquiry and commissioned research report.

The Commission periodically invites a range of government departments and agencies, peak employer bodies, unions, community and environmental groups and academics to consultations on the Commission's supporting research program. The Commission also meets with academics in various cities for the same purpose.

The Commission acts as the Secretariat for the Steering Committee for the Review of Government Service Provision. The Committee comprises senior representatives from the Australian, State and Territory governments.

The procedures of the Australian Government Competitive Neutrality Complaints Office allow any individual, organisation or government body to consider and, if necessary, lodge a complaint in relation to the application of competitive neutrality policy.

Categories of documents

Principal categories include:

- commissioned project records including information circulars, issues papers, project guidelines, draft and final reports, submissions, participant correspondence and public hearing transcripts
- documents relating to performance monitoring across the Australian Government, States and Territories
- documents relating to national and international benchmarking
- competitive neutrality complaint queries and details of investigations
- documents relating to research on industry and productivity issues
- administrative, policy, procedural and contractual documents, relating to information technology, human and financial resource management
- legal advice and other legal documents
- Freedom of Information documents
- media releases
- mailing lists
- speeches
- consultancy documents
- service charters
- parliamentary questions and answers
- submissions to inquiries undertaken by other organisations.

Facilities for access

Information circulars, issue papers, project guidelines and draft reports are sent to interested parties and project participants. They are also available from the Commission's website or free of charge from the Commission. Final reports are distributed, free of charge, to project participants and are also available from the Commission's website.

Documents available from the Commission's website and for purchase from CanPrint Communications include:

- the Commission's annual report series
- final inquiry reports, research reports and research papers

-
- reports by the Steering Committee for the Review of Government Service Provision.

Reports on competitive neutrality matters, submissions made by the Commission to other review bodies and Staff Working Papers are available from the Commission's website.

Copies of submissions (excluding confidential material) made to public inquiries, and transcripts of public hearings are available from the Commission's website and can be accessed through all State Libraries.

Information and written requests for access to Commission documents under the *Freedom of Information Act 1982* can be made to:

FOI Coordinator
Productivity Commission
Locked Bag 2
Collins Street East Post Office
MELBOURNE VIC 8003
Telephone: (03) 9653 2107
Facsimile: (03) 9653 2199

Attachment B7

Compliance index

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

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Compliance with the Productivity Commission Act

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

s.10(1) Commission operations	chapter 2 and appendix B
s.10(2) matters referred to the Commission	appendix D
s.10(4) competitive neutrality complaints	37

In association with this annual report, the Commission is preparing one companion publication:

- *Trade & Assistance Review 2009-10*