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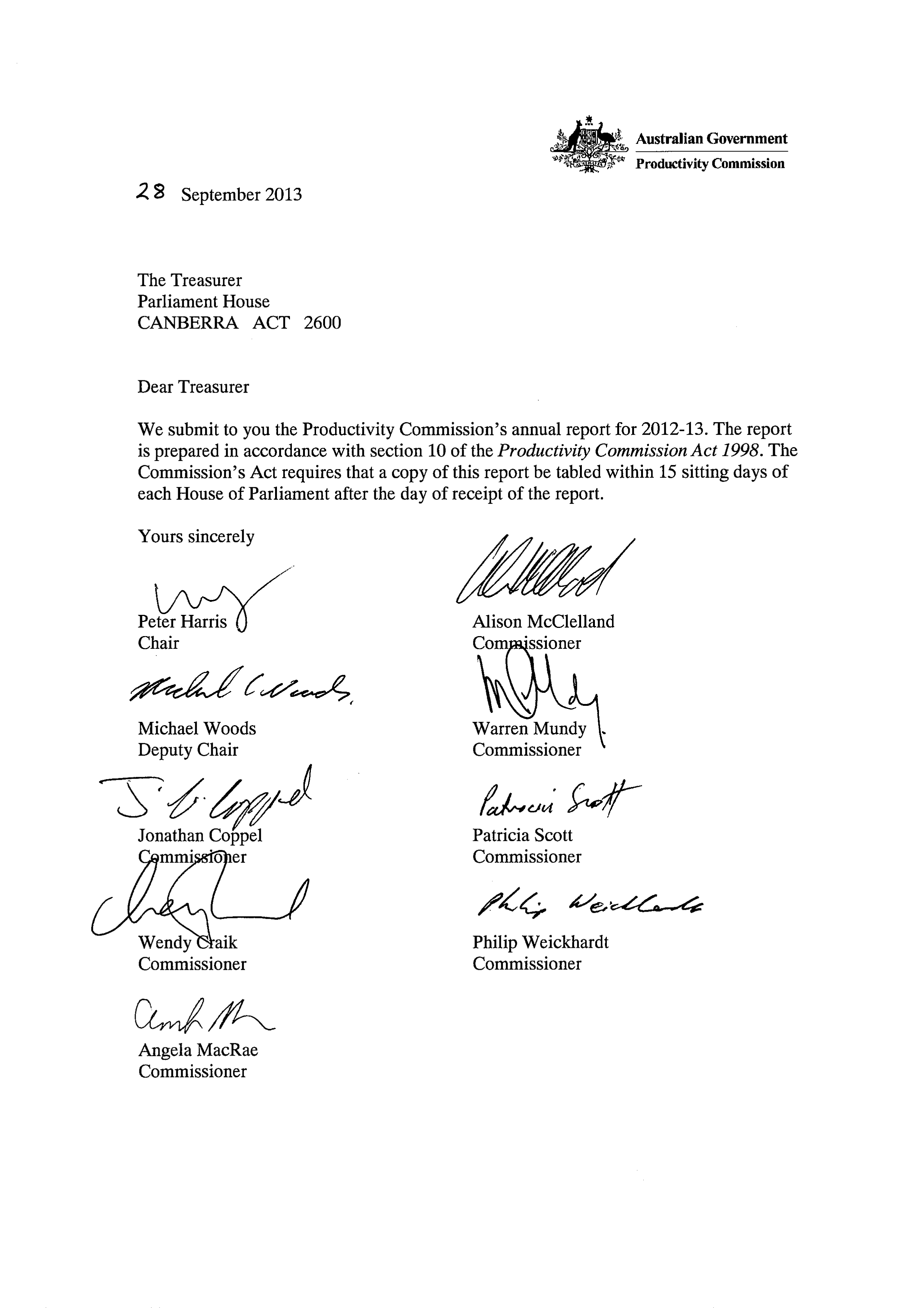
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***The Productivity Commission***

The Productivity Commission is the Australian Government’s independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission’s independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission’s website (www.pc.gov.au) or by contacting Media and Publications on (03) 9653 2244 or email: maps@pc.gov.au



### Chairman and Commissioners

Peter Harris (Chairman) Philip Weickhardt, Gary Banks (former Chairman) & Patricia Scott

Alison McClelland & Robert Fitzgerald\* Mike Woods (Deputy Chairman) & Wendy Craik



Angela MacRae, Warren Mundy & Jonathan Coppel

\*:Currently on leave from the Commission

Absent: Siobhan McKenna

Acknowledgments

The Commission wishes to thank its staff for their continued efforts, commitment and support during the past year.

# Foreword

This is my first Annual Report as Chair of the Productivity Commission. One of the more significant events for the Commission in the last twelve months was the retirement of Gary Banks, our inaugural Chair. Gary had a major influence on the wide acceptance today of the Commission’s role as independent adviser on national reform. On behalf of Commissioners and staff, I wish him well.

On coming to the Commission, I have found a highly competent and committed group of people, who are justifiably proud of the Commission’s contribution to national reform. Equally, transitions of this kind create an opportunity for a re-examination of what organisations do and how they do it, especially in times of significant budget restraint.

Accordingly, we are undertaking a number of internal reforms to ensure we can continue to provide high quality advice within a reducing resource base. There will be a need to take a more flexible approach and potentially to broaden our range of report products. Nevertheless, consultation and exposure draft processes so critical to the quality of our outputs will remain central to our work.

We are also improving our ability to communicate in a world where social media is increasingly important. We now use Twitter to inform a wider audience about the availability of our reports. We will also move increasingly toward online reporting as the primary focus and consequently will use this opportunity to improve the information and search functions so important to effective online delivery. Initial changes will be implemented in our Reports on Government Services.

Our research program will focus more closely on flagship pieces, which help to outline future directions for reform. Our first effort in this area will look at over-the-horizon policy options that may be consistent with demographic change.

We expect that the Commission’s program of work is likely to expand as the momentum for productivity enhancing reform increases. With a slowing of national income growth as the terms of trade declines, productivity growth becomes, again, the paramount source of sustainable growth.

The Commission looks forward to contributing to a strong national reform agenda.

Peter Harris

Chair

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# Abbreviations

ABS Australian Bureau of Statistics

ACCC Australian Competition and Consumer Commission

ACCI Australian Chamber of Commerce and Industry

AGCNCO Australian Government Competitive Neutrality Complaints Office

AIHW Australian Institute of Health and Welfare

ALGA Australian Local Government Association

ANAO Australian National Audit Office

ANU Australian National University

ANZSIC Australian and New Zealand Standard Industrial Classification

ANZSOG Australia and New Zealand School of Government

APEC Asia-Pacific Economic Cooperation

APRA Australian Prudential Regulation Authority

APS Australian Public Service

BRCWG Business Regulation and Competition Working Group (COAG)

CEDA Committee for Economic Development of Australia

COAG Council of Australian Governments

CRC COAG Reform Council

EFIC Export Finance and Investment Corporation

EGWW Electricity, gas, water & waste services

GS Gas supply

GDP Gross Domestic Product

GTAP Global Trade Analysis Project

GTEs Government trading enterprises

HILDA Household, Income and Labour Dynamics

ICTs Information and communication technologies

IMF International Monetary Fund

LP labour productivity

MBS Medicare Benefits scheme

MFP multifactor productivity

NAPLAN National Assessment Program for Literacy and Numeracy

NATSEM National Centre for Social and Economic Modelling

NBN National Broadband Network

NCP National Competition Policy

NRA National Reform Agenda

OAIC Office of the Australian Information Commissioner

OECD Organisation for Economic Cooperation and Development

OHS Occupation health and safety

OID Overcoming Indigenous Disadvantage report

PBS Pharmaceutical Benefits Scheme

PC Productivity Commission

RBA Reserve Bank of Australia

RCT Randomised Control Trial

R&D Research and development

ROGS Report on Government Services

SES Senior Executive Service

SLA Statistical Local Areas

TCF Textiles, clothing and footwear

WSSD Water supply sewerage & drainage services