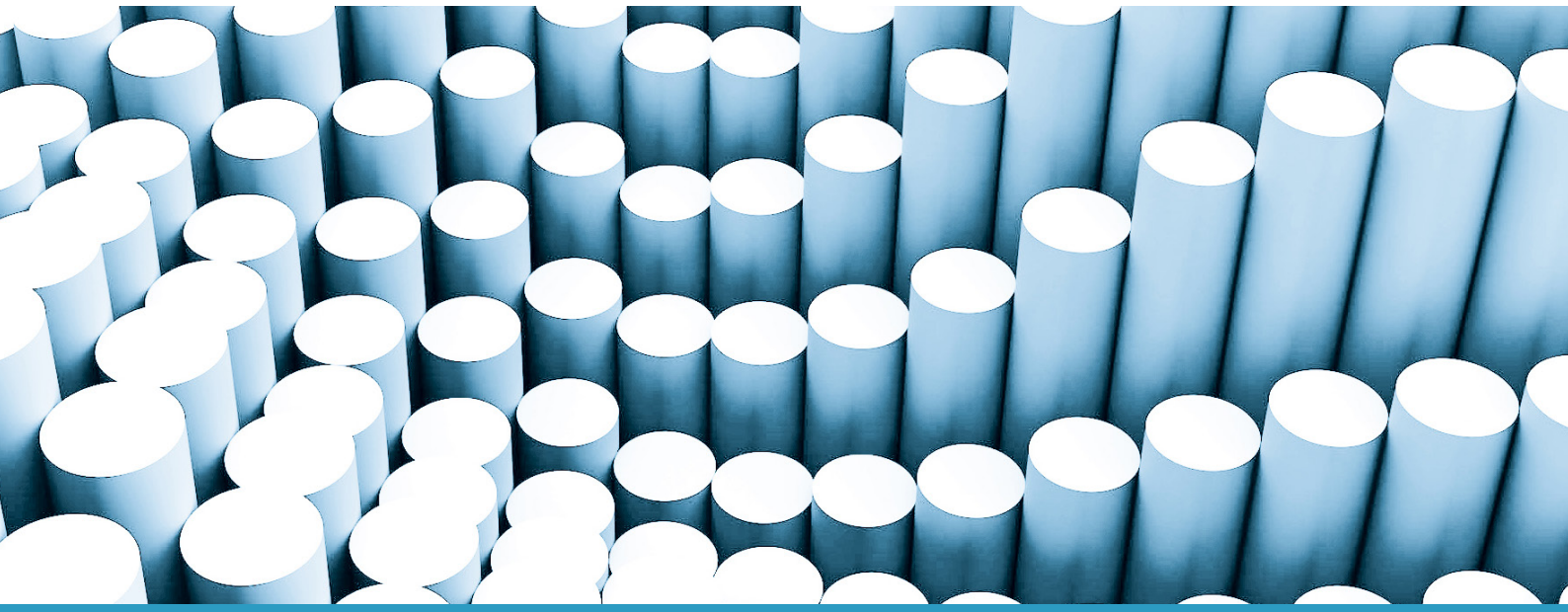
Australian Government
Productivity Commission

September 2022



Annual Report 2021-22

The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

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).

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17 September 2022

The Hon Dr Jim Chalmers MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I am pleased to present to you the Productivity Commission's Annual Report for 2021-22.

The Report has been prepared in accordance with section 10 of the *Productivity Commission Act 1998*. It has also been prepared in accordance with all obligations of the Public Governance, *Performance and Accountability Act 2013* (PGPA Act), including section 46, which requires that you present the report in Parliament.

The Report contains the Productivity Commission's annual performance statement and annual financial statements for the period 2021-22 as required by sections 39(1)(b) and 43(4) of the PGPA Act.

In accordance with the subsection 17AG(2)(b) of the Public Governance, Performance and Accountability Rule 2014 and the Commonwealth Fraud Control Framework 2017, I hereby certify that I am satisfied that the Commission has:

- prepared fraud risk assessments and fraud control plans
- in place appropriate fraud prevention, detection, investigation, reporting mechanisms that meet the specific needs of the Commission
- taken all reasonable measures to appropriately deal with fraud relating to the Commission.

Yours sincerely,

Michael Brennan
Chair

Foreword

In 2021-22, the Commission continued to provide evidence-based advice on a range of topics of significance to the Australian community.

We completed two inquiries during the year that were commissioned by the Australian Government. One inquiry examined the Right to Repair — the ability of consumers to have their products repaired at a competitive price using a repairer of their choice. The second inquiry assessed the effectiveness of the Register of Foreign-Owned Water Entitlements. We also completed a commissioned study into Vulnerable Supply Chains.

During the year we also released five self-initiated research papers: *Working from Home, Small Business Access to Finance, Wealth Transfers and their Economic Effects, Public Transport Pricing, and Australia's Prison Dilemma* (the factors that drive Australia's rates of imprisonment).

We continued to promote public understanding of matters relating to industry, industry development and productivity, including through our annual Trade and Assistance Review. We undertook our legislated role to investigate competitive neutrality complaints, with a report to government on the Australian Business Growth Fund, and progressed investigations into complaints received on NBN Co and Australia Post.

Our journey of changing the ways we engage and work with Aboriginal and Torres Strait Islander people and organisations continued. We progressed with our functions under the National Agreement on Closing the Gap. We published updates to the Dashboard that sets out up-to-date information on the targets and indicators in the Agreement and released the first Annual Data Compilation Report to inform reporting on progress under the Agreement. In April, the Commission commenced the first of its three-yearly reviews into progress on Closing the Gap.

The 2022 edition of the *Report on Government Services* was published during the year, providing comparative performance information on government service delivery areas.

The Australian Government referred eight commissioned inquiries and studies during the year. This included the Closing the Gap review, an inquiry into Australia's Maritime Logistics System and a study of Aboriginal and Torres Strait Islander Visual Arts and Crafts. The Government asked the Commission to undertake two projects arising from the final report of the Royal Commission into Aged Care Quality and Safety: an inquiry into a statutory entitlement to unpaid Carer's Leave, and a study of Aged Care Employment.

We were also tasked with two reviews of National Agreements: the Housing and Homelessness Agreement and the National School Reform Agreement.

The largest of the commissioned projects is the second five-yearly report into Australia's Productivity Performance, which commenced February 2022 and will be delivered to the Australian Government early in 2023.

I would like to thank the Commission's staff and my fellow Commissioners for their hard work over the course of the year.

Michael Brennan
Chair

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Commissioners

Michael Brennan
Chair

Alex Robson
Deputy Chair

Julie Abramson
Commissioner

Joanne Chong
Commissioner

Catherine de Fontenay
Commissioner

Lisa Gropp
Commissioner

Stephen King
Commissioner

Paul Lindwall
Commissioner

Romlie Mokak
Commissioner

Natalie Siegel-Brown
Commissioner

Malcolm Roberts
Commissioner

Martin Stokie
Commissioner

About the Commission

The Commission's role

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 remit covers all sectors of the economy, with a view to better informing policy making to raise national productivity and living standards.

The Productivity Commission's outcome objective is:

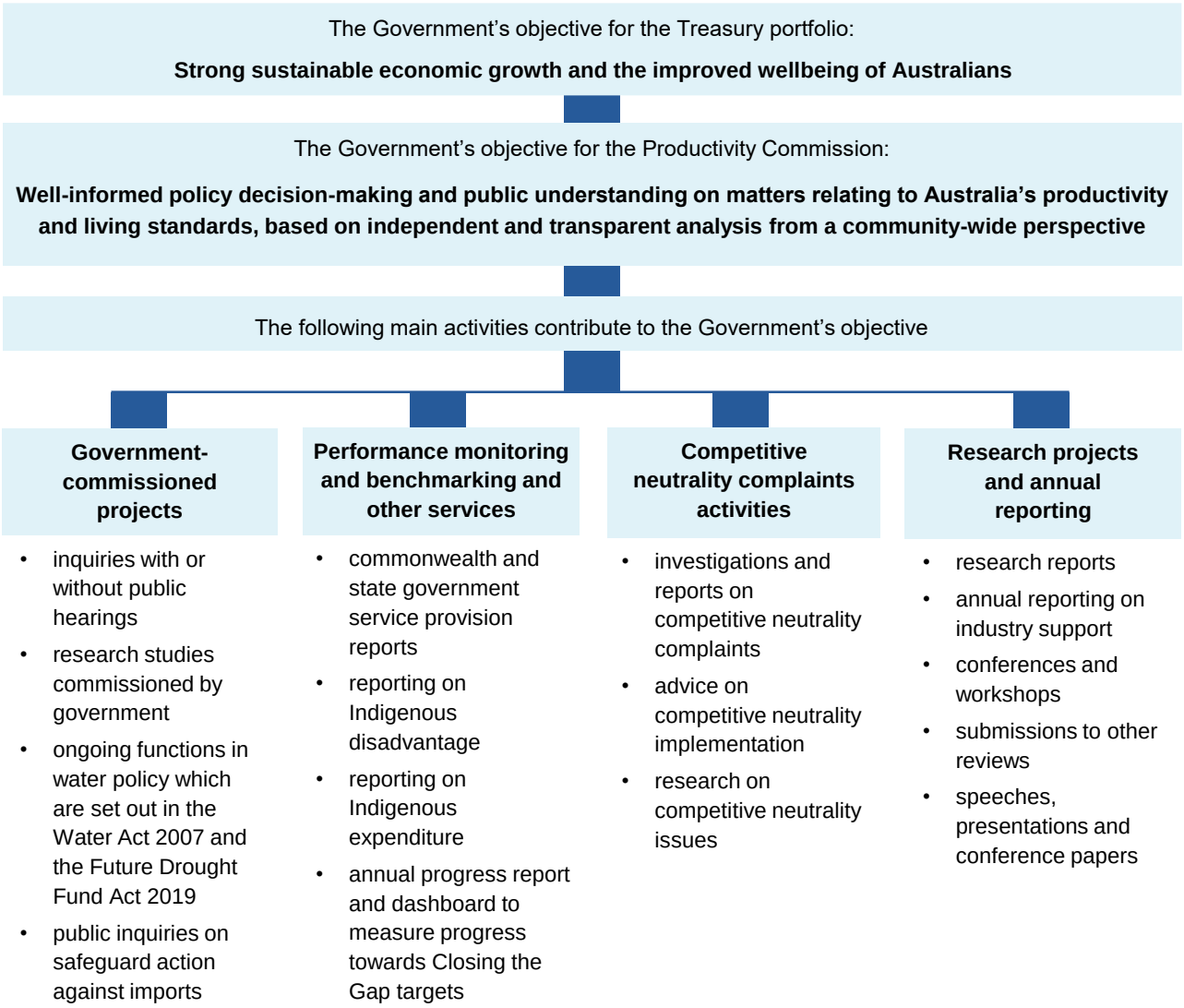
Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

This objective is pursued in four broad work streams (outlined in figure 1):

- government-commissioned inquiries and studies
- other research projects and annual reporting on industry support
- performance reporting and related analysis of Commonwealth and State service provision
- competitive neutrality complaints.

The Commission's activities over 2021-22 are outlined in chapter 3.

Figure 1 – Main activities of the Productivity Commission



Commissioners and staff

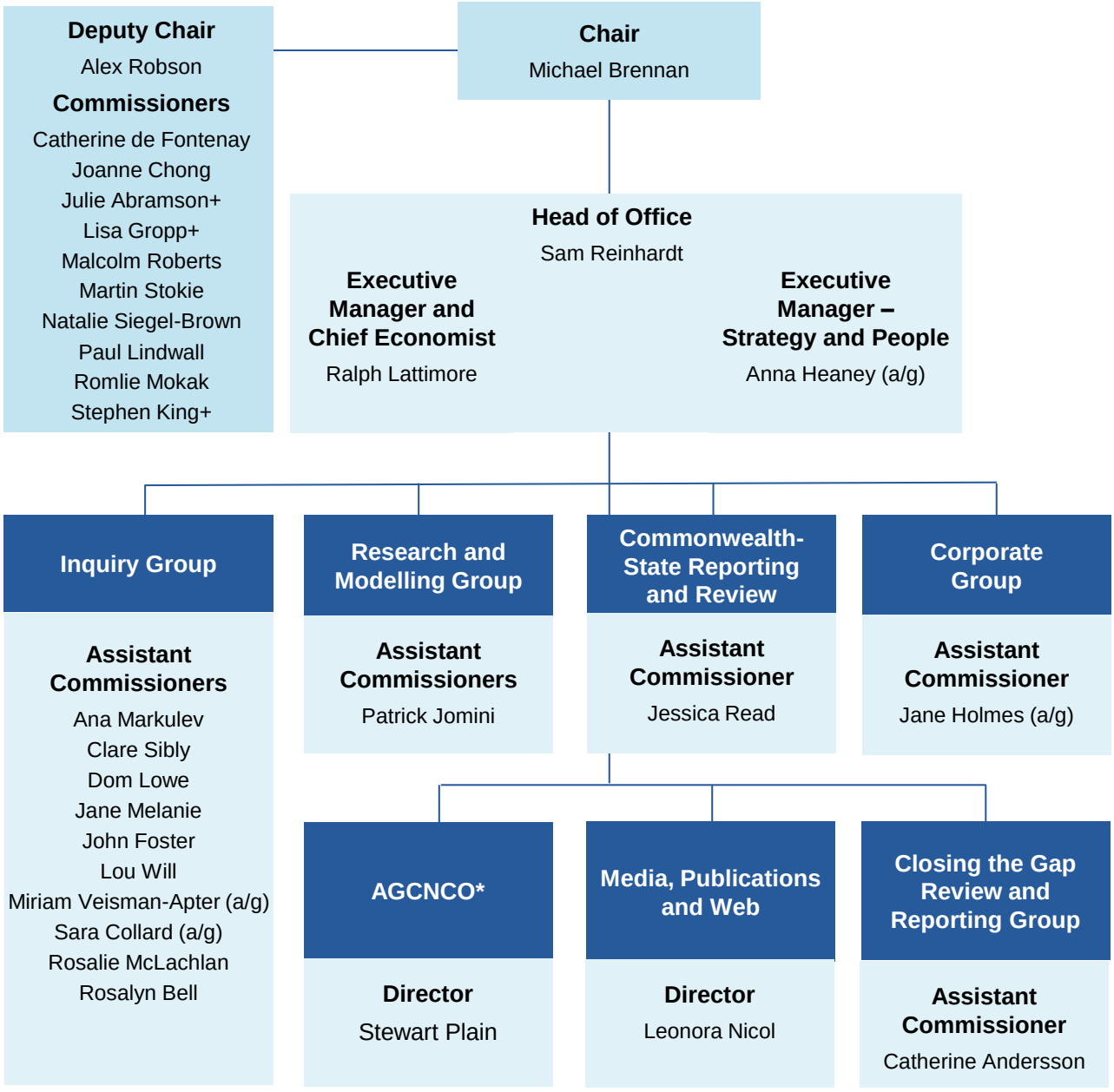
The Commission comprises its Chair and between four and twelve other Commissioners, appointed by the Governor-General for periods of up to five years. Associate Commissioners can be appointed by the Treasurer for terms of up to five years or for the duration of specific inquiries.

At 30 June 2022, there were twelve members of the Commission, including the Chair, with three Commissioners holding part-time appointments.

The work of the Commission is assisted by employees who are employed under the *Public Service Act 1999*. In 2021-22, the average staffing level was 164.

The Commission's structure and senior staff as at 30 June 2022 are shown in figure 2.

Figure 2 – Commission structure and senior staff



\+ Part-time Commissioners
* Australian Government Competitive Neutrality Complaints Office

As at 30 June 2022

Annual Performance Statement

Introductory statement

This annual performance statement meets the Productivity Commission's requirements under s. 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (Cwlth) (PGPA Act) for the 2021-22 financial year, and accurately reflects the entity's performance in accordance with s. 39(2) of the PGPA Act.

Entity purpose

The Commission's purpose, as embodied in the *Productivity Commission Act 1998* (Cwlth), is to provide governments and the Australian community with information and advice that better informs policy decisions to improve Australians' wellbeing. The Commission applies robust, transparent analysis, and adopts a community-wide perspective.

Results

The Commission has assessed its performance against six criteria associated with its impact and delivery. In 2021-22, the Commission performed consistent with these criteria. The criteria, as set out in the Corporate Plan 2021-22 (p. 6) and Portfolio Budget Statement 2021-22 (p. 328), are:

- providing a valuable source of robust evidence-based analysis
- generating effective public debate
- being recognised as valuable by other governments
- engaging effectively with the community
- having open and transparent processes
- delivering timely reports.

Performance against each of the Commission's impact and delivery criteria is summarised below, with analysis presented in more detail in chapter 3.

A number of factors complicate the assessment of the Commission's performance. The Commission is only one contributor among many to the Australian policy debate and policy decision making; and the nature, scope and timing of projects commissioned by the Australian Government varies from one year to the next. Further, the Commission's inquiry and research outputs contribute over a period of years to the public debate and policy development on a range of complex and often contentious issues. Their impact can go far beyond their immediate release. This means that the Commission's contribution is best considered over the medium term.

Given the nature of its work, the Commission relies mainly on qualitative indicators of performance, with quantitative indicators helping to inform the assessment in some areas.

Impact Criteria

The Productivity Commission is a valuable source of evidence-based analysis to inform public policy in Australia.

In 2021-22 the demand for the Commission to undertake work on complex policy issues has continued and increased significantly.

The Commission received references from the Government for eight new projects. The second five-yearly report into *Australia's Productivity Performance,* which commenced February 2022 will be delivered to the Australian Government early in 2023. Other new commissioned projects included an inquiry into *Australia's Maritime Logistics System* and a study of *Aboriginal and Torres Strait Islander Visual Arts and Crafts*. The Government asked the Commission to undertake two projects arising from the final report of the Royal Commission into Aged Care Quality and Safety: an inquiry into a statutory entitlement to unpaid *Carer's Leave*, and a study of *Aged Care Employment*. We were also tasked with two reviews of National Agreements: the *Housing and Homelessness Agreement* and the *National School Reform Agreement*.

In April 2022, the Commission commenced the first (three-yearly) review of progress under the National Agreement on Closing the Gap. The Commission also continued its work on the Closing the Gap Information Repository with the release of its first Annual Data Compilation Report in July 2021, and provided two further updates for the Dashboard in March and June 2022. The repository included baseline data on 17 socioeconomic outcome targets and more recent data on seven of the targets.

The Commission completed three government-commissioned inquiries and studies on a range of topics during 2021-22:

- a study to identify and examine disruptions to *Vulnerable Supply Chains*
- an inquiry into consumers' *Right to Repair* faulty goods and to access repair services at a competitive price
- an inquiry to examine the effectiveness, costs and benefits of the *Register of Foreign Ownership of Water Entitlements*.

The Commission's work has proved highly relevant to government policy deliberations. The work on *Vulnerable Supply Chains*, for example, was used, in combination with advice from other agencies, to inform the policy response to a range of supply chain issues. The Commission's quantitative methodology for identifying vulnerabilities, and its framework for considering appropriate policy responses, have been used by the new Office of Supply Chain Resilience. The Commission has presented at international fora to showcase the quantitative approach.

The Chair presented to the National Federation Reform Council (comprising First Ministers and Treasurers) in relation to productivity issues, along with other senior economic officials. This comes on the back of a number of interactions with the Council of Federal Financial Relations over the last three years.

In addition, the Commission continued its annual reporting of Australian Government assistance to industry through the Trade and Assistance Review and released five self-initiated research papers: *Working from Home, Small Business Access to Finance, Australia's Prison Dilemma, Wealth Transfers and their Economic Effects and Public Transport Pricing*. The Commission also continued to provide secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision.

The Commission undertook its legislated role to investigate competitive neutrality complaints, with a report to government on the Australian Business Growth Fund, and progressed investigations into complaints received on NBN Co and Australia Post.

The Productivity Commission generates effective public debate.

Contributions to parliamentary debate and the extent of media coverage indicate a high level of public interest in the Commission's work and its potential influence.

The five research projects undertaken during the year were selected for their relevance to current and future policy debates, and reflected the Commission's judgment as to where we could most contribute to and stimulate important community debate.

The project titled Australia's Prison Dilemma, for example, was the Commission's first foray into the criminal justice policy area. It combined quantitative analysis to discern the causes of Australia's rising imprisonment rate, a discussion of the policy trade-offs faced by governments and a number of case studies of promising diversionary interventions. Following publication of the report, the Commission hosted an online webinar involving experts from the law, social service delivery and the criminal justice research community. This exposed us to a new set of issues and interested parties and brought a slightly different voice to the debate in this important policy area.

The Commission's work on Small Business Access to Finance provided insights to policy officers designing the Government's programs to encourage new forms of business lending. The Commission also presented the work to senior finance industry leaders.

The Commission's research on Working from Home was the subject of an online panel involving academics and business representatives. The findings of the report were presented to property industry leaders and were the subject of a significant number of public engagements by the Chair and other staff. In addition to the written report, a formal model of working from home was developed and presented at two conferences.

Our work on inter-generational wealth transfers provided new quantitative analysis, based on HILDA data, to focus attention on an emerging issue: the scale of inheritance that could come with an ageing population and rising asset values; and the impact of wealth transfers on inequality. These findings have been presented at conferences of academics and policy professionals.

The Commission's work on public transport pricing was informed by close engagement with State and Territory transport departments who had a strong interest in the project's findings, particularly in light of the dramatic reduction in public transport patronage in the course of the COVID pandemic.

During 2021-22, about 153 federal members and senators referred to at least 42 different Commission reports or inquiries, or to the Commission's role in the policy process. At the state and territory level, about 121 members of state and territory parliaments referred to 39 different Commission projects or to the Commission's role during the 2021-22 sittings.

The Commission rated, on average, 150 media mentions a month in connection with the five self-initiated research reports that were completed during 2021-22. The report *Working from Home* was released in 2021-22 and was the most frequently mentioned Commission publication, with an average of more than 90 media mentions each month. The *2022 Report on Government Services* also generated a substantial amount of public interest during the year, reflected in media articles and downloads of the report.

Commission reports from previous years also appeared in media reporting and were cited in academic literature during 2021-22, including the inquiry reports *Caring for Older Australians (2011), Natural Disaster Funding (2014) and Mental Health (2020)*.

The Commission's previous work on Expenditure on Children and Family Services in the Northern Territory continues to have influence, with the Commission having ongoing discussions with representatives from the

Northern Territory Government and the Commonwealth to support their efforts towards a Joint Funding Framework as recommended by the report.

In 2021-22, Commissioners and staff made a number of speeches and presentations. The topics of speeches included Australia's productivity challenge, vulnerable supply chains, the economic implications of the digital economy, and vocational education and training. The Commission's past work in health – in reports such as *Shifting the Dial, Mental Health* and *Innovations in Chronic Care* – continue to generate ongoing interest and have been the subject of a number of speeches and conference presentations.

The Productivity Commission is recognised as a model for evidence-based policy analysis worthy of consideration by other governments.

The Commission engaged and exchanged research ideas with officials from Denmark, Japan, Malta, Pakistan and the United Kingdom. The Commission's institutional arrangements are of continuing interest among overseas organisations along with recent research on global supply chains. The Commission held its second online forum with Japan's Policy Research Institute, sharing labour market challenges in the respective countries. The Commission also participated in meetings and forums with the Organisation for Economic Cooperation and Development (OECD).

Outside of its inquiry program, the Commission held or attended 10 meetings with international organisations during 2021-22. Topics of discussion included the Commission's role and activities, global supply chains, remote work, productivity, mining regulation and labour market challenges. The Commission also participated in meetings with members of the Asian Bureau of Economic Research — a research program based at the Australian National University which contributes to informing policy thinking and decision making across the Asian region.

International organisations including the OECD, the International Monetary Fund and the World Bank cited the Commission's work in reports published throughout the year. This included references to the *Mental Health, Superannuation* and *Data Availability and Use* reports.

Delivery Criteria

The Productivity Commission engages effectively with the community.

In 2021-22, the Commission's processes provided opportunities for extensive public input and feedback through visits, hearings, workshops and other consultative forums, and the release of draft reports and preliminary findings.

For all major projects commenced during 2021-22, the Commission published issues papers — outlining relevant issues and calling for public submissions — shortly after receiving the terms of reference. And interested parties had another opportunity to make submissions following the release of draft or interim reports.

In total, the Commission received 467 submissions to government-commissioned projects during 2021-22. The Commission also received 'brief comments' on all government-commissioned projects during 2021-22, providing an opportunity for a more informal avenue for feedback. The *Housing and Homelessness Agreement Review* inquiry received the highest volume of submissions and comments.

For all inquiries and studies, there was also an opportunity for participants to appear at public hearings, roundtable discussions and/or workshops during 2021-22. The Commission also held over 570 meetings with stakeholders for commissioned inquiries.

The Commission continues to look at ways to improve its engagement with Aboriginal and Torres Strait Islander people and organisations. An engagement approach has been developed to guide how the Commission will communicate with Aboriginal and Torres Strait Islander people in undertaking its review of the National Agreement on Closing the Gap. Extensive engagement has taken place as part of the Commission's study into *Aboriginal and Torres Strait Islander Visual Arts and Crafts*, with a deliberate focus on demonstrating reciprocity and two-way exchange with Aboriginal and Torres Strait Islander people.

The Productivity Commission's processes are open and transparent.

The Commission operates under the powers, protection and guidance of its own legislation. Its independence is formally exercised under the *Productivity Commission Act 1998* (Cwlth) through the Chair and Commissioners, who are appointed by the Governor-General for fixed periods.

The Commission has its own budgetary allocation and a small permanent staff, operating at arm's length from other government agencies. While the Government initiates the Commission's inquiries and studies, the Commission's findings and recommendations are based on its own analysis and judgment.

The Commission has its own budgetary allocation and a small permanent staff, operating at arm's length with independence from other government agencies. While the Government initiates the Commission's inquiries and studies, the Commission's findings and recommendations are based on its own analysis and judgment.

The Commission's objectivity and independence are key strengths of its work. The Commission's advice to Government, and the information and analysis on which it is based, continued to be open to public scrutiny in 2021-22. As noted above, the Commission's processes provided for public input and feedback through hearings, workshops and other consultative forums, and through the release of draft or interim reports. Where substantial quantitative work is undertaken, the Commission engages with relevant government departments or academics to enable the peer review of its work. Underlying models and data used in its work, for example from the research work on *Working from Home* and *Wealth Transfers and their Economic Effects*, are published on the Commission's website.

The Productivity Commission delivers reports within agreed timeframes.

All of the major projects that were completed in 2021-22 were finished within the timeframes originally established by the Government.

The timing of tabling of commissioned inquiry reports, following completion of a project, is a matter for Government. For other work, including commissioned studies, the Commission releases its reports as soon as practical after completion of the project.

The year in review: Commission activities

Public inquiries and commissioned studies

The Commission commenced eight new projects at the request of the Australian Government in 2021-22, compared to three projects commenced in 2020-21.

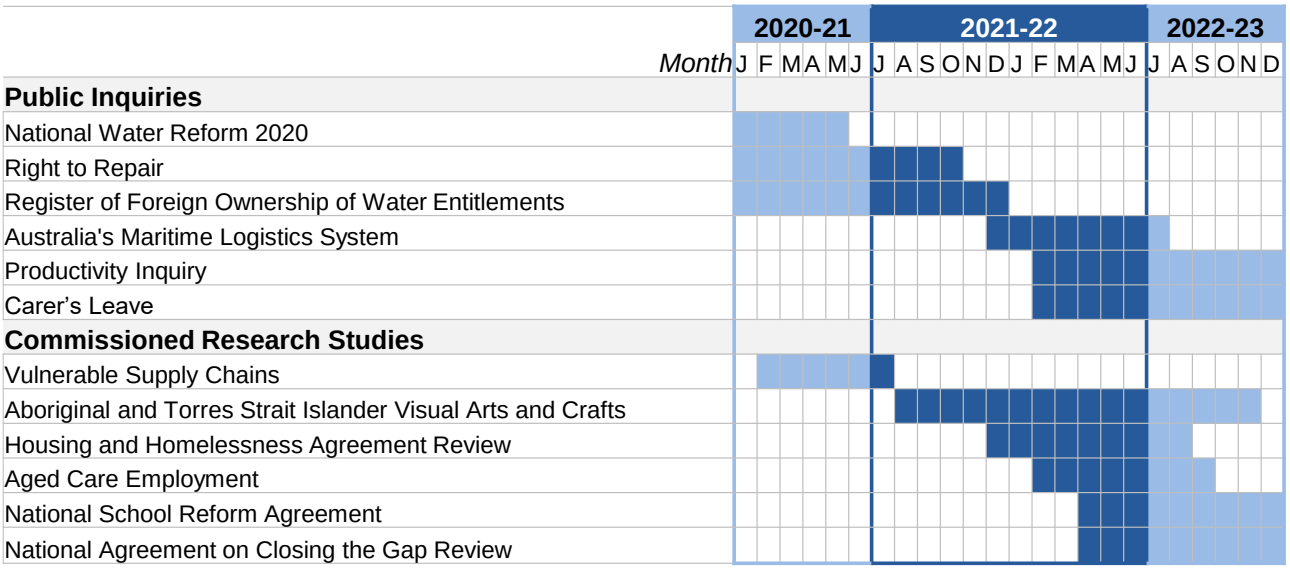
- In August 2021, the Commission received a reference to undertake a study into the nature and structure of the markets for *Aboriginal and Torres Strait Islander Visual Arts and Crafts* and policies to address deficiencies in these markets
- In December 2021, the Commission received a reference to undertake a review into the *National Housing and Homelessness Agreement*.
- In December 2021, the Commission received a reference for an inquiry into the long-term productivity of *Australia's Maritime Logistics System*.
- In February 2022 the Commission received the reference to undertake the second five-yearly review of *Australia's Productivity Performance*.
- In February 2022 the Commission received references for two projects arising from the final report of the Royal Commission into Aged Care Quality and Safety: an inquiry into a statutory entitlement to unpaid *Carer's Leave*, and a study of *Aged Care Employment*
- In April 2022 the Commission commenced the first (three-yearly) review of progress under the National Agreement on *Closing the Gap*.
- In April 2022 the Commission received a reference to undertake a review of the *National School Reform Agreement*.

The Commission completed three inquiries or studies in 2021-22, compared with five in 2020-21.

- A study to identify and examine disruption to *Vulnerable Supply Chains*.
- An inquiry into consumers' *Right to Repair* faulty goods and to access repair services at a competitive price.
- An inquiry to examine the effectiveness, costs and benefits of the *Register of Foreign Ownership of Water Entitlements*.

This meant there were three inquiries and five studies underway at some point during 2021-22 (figure 3). In addition, the Commission undertook and completed research projects on *Working from Home, Small Business Access to Finance, Australia's Prison Dilemma, Wealth Transfers and their Economic Effects, Public Transport Pricing* and *The Nuisance Cost of Tariffs*.

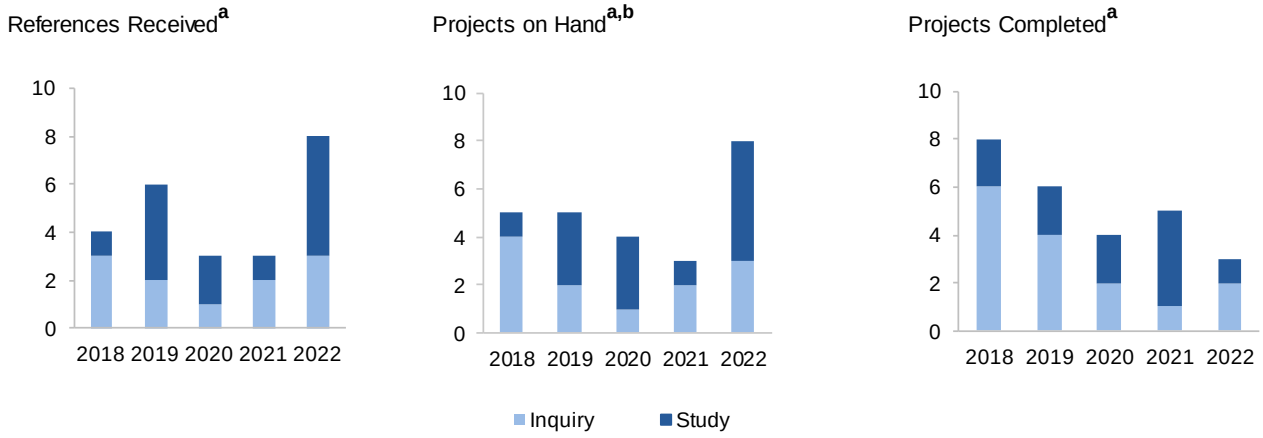
Figure 3 – Program of public inquiries and other government-commissioned projects[a]



a. Shaded areas indicates the approximate duration of the project in the period covered by the figure, as at 30 June 2022

Trends in public inquiry activity and participation over the past five years are shown in figure 4 and table 1. Further information on public inquiries and commissioned studies undertaken during 2021-22 is available on the Commission's website.

Figure 4 – Projects commenced, on hand and completed[a,b]



a. Figures are for financial years. **b.** As at 30 June 2022.

Table 1 – Public inquiry and other commissioned project activity, 2017-18 to 2021-22[a,b,c]

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public inquiries						
Inquiry references received	6	3	2	1	2	3
Issues papers released[a]	5	5	3	1	2	3
Public hearings (sitting days)[b]	20	23	23	17	2	3
Organisations/people visited	626	519	395	160	219	570
Submissions received	1,302	610	1,499	762	0	241
Draft reports[c]	7	4	3	2	2	1
Inquiry reports completed	6	6	4	2	1	2
Inquiries on hand (30 June)	7	4	2	1	2	3
Research studies						
References received	2	1	4	2	1	5
Issues papers released[a]	2	0	4	2	0	5
Submissions received	544	210	166	398	0	226
Draft reports	4	0	0	5	1	0
Research reports completed	3	2	2	2	4	1
Studies on hand (30 June)	2	1	3	3	0	5
Total references						
Total references received	8	4	6	3	3	8
Total references completed	9	8	6	4	5	3
Total references on hand (30 June)	9	5	5	4	3	8

a. Includes issues papers or equivalents, such as discussion papers and guidance notes. **b.** Excludes forums and roundtable discussions. **c.** Includes all types of draft reports.

Performance reporting and other services

The Commission provides secretariat services to the Steering Committee for the Review of Government Service Provision, and has done so since the Review's commencement in 1993. The Steering Committee's major outputs are a collaborative effort, with more than 80 Commonwealth, State and Territory government agencies contributing to: the Report on Government Services and the Closing the Gap Information Repository.

Report on Government Services

The *Report on Government Services 2022* was the twenty-seventh in this series. The Report provides comparative performance information on 17 government service delivery areas that contribute to the wellbeing of Australians — spanning child care, education and training, health, justice, community services, emergency management, housing and homelessness. The services covered in the 2022 Report collectively account for approximately $301 billion of government recurrent expenditure, equivalent to about 15 per cent of GDP.

As part of the continued development of the Report, a staged transition to interactive online reporting continued in 2021-22 with the transition of Community services (Part F), including Aged care services, Services for people with disability, Child protection services, and Youth justice Services.

Reporting specific to Aboriginal and Torres Strait Islander people

The National Agreement on Closing the Gap is an agreement between the Coalition of Aboriginal and Torres Strait Islander Peak Organisations and all Australian governments. The objective of the Agreement is to overcome the entrenched inequality faced by too many Aboriginal and Torres Strait Islander people, so that their life outcomes are equal to all Australians.

Under the Agreement the Productivity Commission is responsible for maintaining an information repository to inform reporting on progress in Closing the Gap. The ongoing reporting functions include:

- a 'dashboard' that provides the most up-to-date information available on the targets and indicators in the Agreement
- an *Annual Data Compilation Report* that provides a point-in-time snapshot of the Dashboard material.

The first *Annual Data Compilation Report* was published in July 2021.

National Agreement reporting

The Commission supports the provision of information to assess performance against the four National Agreements agreed by Australian governments under the Intergovernmental Agreement on Federal Financial Relations (covering health, skills and workforce development and disability services). During 2021-22, the Steering Committee incorporated applicable indicators and data from these Agreements in its *Report on Government Services*.

The National Agreement on Closing the Gap was signed in July 2020, replacing the National Indigenous Reform Agreement. The Commission has two roles under the new Agreement – monitoring progress under the Agreement with a Dashboard and *Annual Data Compilation Report* underpinned by an Information Repository, and undertaking three-yearly reviews of progress.

In April 2022, the Commission commenced the first (three-yearly) review of progress under the National Agreement on Closing the Gap. The Commission continued its work on the Closing the Gap Information Repository with the release of its first *Annual Data Compilation Report* in July 2021, and two further updates for the Dashboard in March and June 2022.

Performance reporting dashboard

The Commission maintains the Performance Reporting Dashboard, which provides a single, streamlined source of information on progress towards key commitments agreed by Australian Governments. In 2021-22, the Commission published its fifth update of the Dashboard.

Competitive neutrality activities

Competitive neutrality policy seeks to ensure that government businesses do not have advantages (or disadvantages) relative to their competitors, simply by virtue of their public ownership.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) operates as a separate unit within the Commission. Its function is to receive and investigate complaints and provide advice to the Treasurer on the application of competitive neutrality arrangements.

The AGCNCO also provides informal advice to individuals and private organisations on the application of competitive neutrality to government activities, and to government agencies on implementing their competitive neutrality obligations.

During 2021-22, the AGCNCO completed its investigation into the Australian Business Growth Fund investigation (December 2021), progressed its investigation into a complaint against NBN Co, and commenced an investigation into a complaint against Australia Post. At the end of 2021-22 the AGCNCO had two active complaint investigations in train (NBN Co and Australia Post).

The AGCNCO received 15 queries about competitive neutrality matters from various parties. Of these, only one constituted a complaint that fell within the jurisdiction of the AGCNCO and related to a significant government business activity subject to the Australian Government's competitive neutrality policy. That query resulted in the formal competitive neutrality complaint being lodged against Australia Post, which the AGCNCO is investigating.

Of the remaining queries received, seven were from parties seeking to understand competitive neutrality policy and the complaints process, and how the policy might be applied to government activities. Two queries were received from the media seeking information about the NBN Co complaint investigation. Two queries were from IPART and NSW Treasury officers seeking information that could assist them in their review of the NSW Government's competitive neutrality policy and complaint handling arrangements. These resulted in extensive discussions between those parties and the AGCNCO. One query was from an academic inviting comment on the lessons Australia's competitive neutrality policy framework might have for the OECD.

Other research activities and annual reporting

The Commission is permitted under its Act to undertake research to complement its other activities. This research supports its role in promoting public understanding of the trade-offs involved in different policy approaches, and how productivity and the living standards of Australians can be enhanced. It also reports annually on the effects of assistance and regulation.

The Commission's research program is guided by government statements on policy priorities, including potential commissioned work; parliamentary debate and committee work; and informal and formal consultations with Australian Government departments, business, community and environmental groups, union bodies and academics.

During 2021-22, the Commission released five research papers and commenced a research project on *The Nuisance Cost of Tariffs*.

The policy and wider impact of Commission activities

Assessing the Commission's performance

The Commission assesses its overall performance against the following outcome objective:

> 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.

Assessment of the Commission's performance can be complicated by it being one contributor among many to any policy outcome. As such, the Commission's contribution is best considered over the medium term. Even when its specific recommendations are not supported by government, the Commission can play a significant role in helping governments, parliaments and the community understand the trade-offs involved with different policy choices, and in providing data that is a source of reference for policy makers.

The Commission monitors reaction to its work in order to improve its performance and its contribution to public understanding and policy making. Those with an interest in the Commission's reports and users of the Commission's website have the opportunity to provide feedback.

Generating effective debate

The Commission obtains an indicator of its success in generating effective public debate by considering the degree of acceptance of recommendations, the quantity of report downloads, and the number of mentions in the media and parliaments.

Internal analysis across the three projects completed in 2021-22 indicates that the Vulnerable Supply Chains study and the *Right to Repair* inquiry both generated a medium level of debate, while there was a lower level of debate on the inquiry into the *Register of Foreign Ownership of Water Entitlements*.

The Australian Government did not release formal responses to any commissioned inquiry reports or research studies in 2021-22.

Commission inquiry and research reports were frequently cited by parliamentarians in debates and questions during 2021-22. In the Federal Parliament, about 153 members and senators referred to at least 42 different Commission reports or inquiries, or to the Commission's role in policy processes. In addition, there were at least 193 mentions of 45 different Commission inquiries and its work in the Hansard proceedings of Federal Parliamentary Committees in 2021-22. The most frequent mentions were Mental Health, Veterans and Childcare.

The Commission's inquiry and research reports were also used extensively in debate and questions by state and territory parliamentarians. During the 2021-22 sittings of the eight state and territory parliaments, 121 members referred to about 39 different Commission publications or inquiries (including the *Report on Government Services*), or to the Commission's role in policy processes. In about 69 per cent of the 198 total mentions the Commission was cited as an authoritative source**,** while two mentions were critical of a particular

finding, report or Commission attribute. The *Report on Government Services* was mentioned most frequently, while the Commission's *Mental Health* report also featured prominently.

Another indicator of the Commission's success in generating effective public debate is the traffic to the Commission's website and the number of downloads of Commission reports.

In 2021-22, the Commission's website received a high level of traffic from external users, The projects of most interest were the Working From Home report (around 7,000 downloads), the *Mental Health* inquiry report (around 6,000 downloads) and the *Australia's Prison Dilemma* report (around 3,000 downloads). The *2022 Report on Government Services* was also highly sought after by website users — as in previous years — with a large number of report downloads (about 15,000).

In 2021-22, the Closing the Gap Information Repository website received 56,811 page visits of which 37,788 page visits were to the dashboard. The Annual Data Compilation Report released in July 2021, was downloaded 777 times and the report was viewed online 2,506 times.

During 2021-22, there were an average of 60 media mentions each month for the three inquiries and studies that were completed during the year. More broadly, there were at least 2,000 media mentions of the Productivity Commission each month, which includes discussion of the Commission's previous reports and its role in the policy process. The *Working from Home* research study received the highest number of media mentions of the reports published in 2021-22, while the *Consumers' Right to Repair* and the *Report on Government Services* also received significant media interest during the year.

Invitations to give briefings and present papers to conferences and to parliamentary, business and community groups are another indicator of the Commission's role in generating public debate. In total, there were 53 presentations by the Chair, Commissioners and staff during the year. Common topics included Australia's productivity challenge, vulnerable supply chains, the economic implications of the digital economy, mental health and vocational education and training.

International recognition of the Commission as a model for evidence-based policy is also an indicator of the Commission's impact. The Commission engaged and exchanged research ideas with officials from Denmark, Japan, Malta, Pakistan and the United Kingdom. The Commission's institutional arrangements are of continuing interest among these organisations along with recent research on global supply chains. The Commission held its second online forum with Japan's Policy Research Institute, sharing labour market challenges in the respective countries. The Commission also participated in meetings and forums with the Organisation for Economic Cooperation and Development (OECD).

Outside of its inquiry program, the Commission held or attended 10 meetings with international organisations during 2021-22. Topics of discussion included the Commission's role and activities, global supply chains, remote work, productivity, mining regulation and labour market challenges. The Commission also participated in meetings with members of the Asian Bureau of Economic Research — a research program based at the Australian National University which contributes to informing policy thinking and decision-making across the Asian region.

The OECD cited the Commission's work on superannuation, the digital economy, data availability and use and the impacts of competition policy. The International Monetary Fund cited the Commission's work on mental health, foreign investment and services-sector productivity.

The Commission also continued to be well cited in academic literature during the year. In 2021-22, new academic literature referred to a number of reports, such as the Commission's *Mental Health* inquiry, along with older reports, such as the 1999 report into *Australia's Gambling Industries* and the 2011 *Caring for Older*

Australians report. This demonstrates that the Commission's role as a source of evidence-based policy advice can continue long after the release of a report.

Transparency and community engagement

A central feature of the Commission's processes is the opportunity for people to participate in and scrutinise its work. Engaging with the community through open and transparent processes ensures that the Commission's research and policy advice is informed by those who are interested in, and affected by, that advice, and that the analysis is tested publicly.

The Commission conducts public hearings, calls for submissions that are made publicly available, and publishes draft and final reports. Roundtables, workshops and other forums provide valuable opportunities for the Commission to access wider sources of expertise in its inquiries and research.

The Commission provided a range of opportunities for public participation in each of the inquiries and studies completed in 2021-22, including public hearings, roundtables, workshops and the release of papers for public comment. For all of inquiries and studies completed in 2021-22, the Commission released an issues paper, issued a draft report and held two rounds of submissions to allow written participation from interested parties.

In response to the COVID-19 pandemic over the past two years, we have provided flexibility and have regularly reviewed and refined processes and submission timeframes, to ensure participants have adequate opportunities to engage with the Commission. Such adjustments reflect significant process improvements, including enhanced videoconferencing technology, and will remain beyond the pandemic.

During its 2021-22 inquiry activities, the Commission met with more than 265 individuals, organisations or groups and received 241 submissions. Due to the timeframes of the commissioned inquiries the Commission held only three days of public hearings in 2021-22 (for the *Right to Repair* inquiry). And for studies, the Commission received a total of 226 submissions during the year.

In addition to accepting submissions, for each of the commissioned inquiries and research studies the Commission provided opportunities for 'brief comments', a more informal avenue for feedback compared to submissions. The number of brief comments received varied between projects. For example, the study into the *National School Reform Agreement* received 103 comments, while many other inquiries and studies received less than 10.

Timeliness and cost effectiveness

In 2021-22, all of the Commission's inquiry and study reports, as well as all reports produced as part of the Commission's performance reporting and other functions, were completed within the timeframes originally established by Government, or as subsequently varied.

The timing of tabling of commissioned inquiry reports following completion of a project is a matter for Government.

The Commission endeavours to conduct projects efficiently, 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 inquiries and commissioned research studies completed in 2021-22 are shown in table 2.

In most years the major administrative (non salary) costs associated with public inquiries and other Government commissioned projects relate to the Commission's extensive consultation processes and the

wide dissemination of its draft and final reports. A reduction in travel associated with the COVID-19 pandemic led to savings in some of these costs for projects completed in 2021-22.

Table 2 – Cost of public inquiries and other government commissioned projects completed in 2021-22[a]

Government-commissioned project	*Total cost[a] ($'000)*
Vulnerable Supply Chains	297
Indigenous Reporting (OID)	2,107
Right to Repair	1,597
Register of Foreign-owned Water Entitlements	388
Trade and Assistance Review	387

a. Includes estimated overheads and staffing

Commission capabilities, linkages and networks

The Commission seeks to maintain a capability that provides rigorous analysis, transparent processes, and independence and balance in its conclusions. Particular attention is paid to the quality of recruitment, in-house and external training, and diversity of work experiences.

There is an active seminar program involving external experts on a range of policy issues relevant to the Commission's work. These seminars are intended to bring new ideas and stimulate debate within the Commission, as well as to foster networks with academic and other experts of relevance to the Commission's work. For 2021-22 the Commission hosted 23 seminars. Six of these were Commission teams presenting to internal staff and 17 involved an external researcher presenting to the Commission. Overall the Commission hosted seminars on topics such as aged care provision, government practice, housing demand, innovation, the pandemic, economic modelling, retirement incomes and migration.

The Commission has linkages, domestically and internationally, to research and other organisations through the involvement of Commissioners and staff in research alliances and participation in working groups and forums.

In 2021-22, a number of Commissioners were also members of various boards, committees and non-profit organisations, including the Australian Institute of Health and Welfare, Canberra Symphony Orchestra, Economic Society of Australia, the Governing Council of the Photography Studies College, and Energy Security Board - Post-2025 Advisory Group.

Management and accountability

Commissioners and staff

The Commission operates under the powers, protection and guidance of its own legislation. Its independence is formally exercised under the *Productivity Commission Act 1998* through the Chair and Commissioners.

Commissioners

At 30 June 2022, there were twelve members of the Commission, including the Chair. Three Commissioners held part-time appointments.

Following the end of the term of his initial five-year appointment, Dr Stephen King was re-appointed as a part-time Commissioner from 1 January 2022 to 31 December 2026.

Jonathan Coppel, who commenced as a Commissioner in 2011, completed his second term in July 2021. Jane Doolan also completed her term in December 2021 after five years as a Commissioner.

Professor Alex Robson was appointed as Deputy Chair on 28 March 2022 for a period of five years.

Joanne Chong was appointed as a Commissioner on 1 April 2022 for a period of five years.

Martin Stokie was appointed as a Commissioner on 1 April 2022 for a period of five years.

Natalie Siegel-Brown was appointed as a Commissioner on 18 April 2022 for a period of five years.

Biographical information on all Commissioners is available on the Commission's website and their terms of appointment are listed in table 3.

Table 3 – Chair and Commissioners, 30 June 2022

	Location	*Period of appointment*	
		From	*To*
Mr M Brennan (Chair)	Canberra	11 Sep 2018	10 Sep 2023
Prof. A Robson (Deputy Chair)	Brisbane	28 March 2022	27 March 2027
Ms J Abramson (p/t)	Melbourne	10 Dec 2015	9 Dec 2025
Dr C de Fontenay	Melbourne	1 Jul 2019	30 Jun 2024
Ms L Gropp (p/t)	Melbourne	1 May 2019	30 Apr 2024
Dr S King (p/t)	Melbourne	1 July 2016	31 Dec 2026
Mr P Lindwall	Canberra	1 Jan 2015	30 Apr 2024
Mr R Mokak	Canberra	25 Mar 2019	24 Mar 2024
Dr M Roberts	Canberra	1 May 2019	30 Apr 2024
Ms J Chong	Adelaide	1 April 2022	31 March 2027
Ms N Siegel-Brown	Brisbane	18 April 2022	17 April 2027
Mr M Stokie	Melbourne	1 April 2022	31 March 2027

(p/t) denotes part time.

Associate Commissioner

The Commission did not have any Associate Commissioners at 30 June 2022.

Staff

The average staffing level during 2021-22 was 164, compared with 169 in 2020-21. The Commission recruited 66 staff during the year, including eight graduates – seven through its graduate economist recruitment program, and one through the APS HR Professional Stream. Staff turnover was approximately 21 per cent.

Statistical information on staffing is provided in the Appendix.

Outcome, objective and resources

The financial and staffing resources devoted to achieving the Government's outcome objective for the Commission are summarised in table 4. An agency resource statement for 2021-22 is included in the Appendix.

Table 4 – Financial and staffing resources summary[a,b]

	Budget[a] 2021-22	*Actual 2021-22*	*Variation*
	$'000	*$'000*	*$'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			
Program 1.1 Productivity Commission			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	34,853	28,996	5,857
Revenues from independent sources (Section 74)	10	293	(283)
Expenses not requiring appropriation in the Budget year	3,229	3,213	16
Total for Outcome 1	38,092	32,502	5,590
	2020-21	*2021-22*	
Average staffing level (number)	191	164	27

a. Full year budget, including any subsequent adjustment made to the 2021-22 Budget.

Governance

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

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

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

Key responsibilities

The Commission's Chair is responsible for the overall management and governance of the Commission, its reputation and public handling of issues, and the quality of its output. The Chair is the 'Accountable Authority' under the PGPA Act.

The Chair is assisted in these tasks by the Head of Office and a Management Committee that addresses matters of strategic direction, organisational development, policies and practices, monitoring of performance and resource allocation.

Management Committee comprises the Chair (as chair), the Head of Office, the Executive Managers of the Melbourne and Canberra offices, and the Assistant Commissioner responsible for Corporate Group. It meets monthly, or more frequently as needed.

The Research Committee oversees the Commission's self-initiated research program to ensure delivery of high quality, policy relevant research in a timely way. It also oversees data analysis, and modelling capability and development to promote fit-for-purpose model use that is quality assured. It meets monthly and comprises the Chair (as chair), two Commissioners, the Head of Office, the Executive Managers, the Assistant Commissioner for Research and Modelling, Media and Publications staff, and a liaison officer.

Commissioners are responsible for the conduct and quality of the individual inquiries, studies or other activities to which they are assigned by the Chair, and the overall quality of Commission work via their contributions to monthly Commission meetings.

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:

- the responsible Commissioners on government commissioned projects report at each Commission meeting on significant issues and progress against key milestones
- reports are provided on the status and future directions of the research program at each Commission meeting
- the activities of the Steering Committee for the Review of Government Service Provision, chaired by the Chair of the Commission, are reported on a quarterly basis
- a Commissioner designated with responsibility for competitive neutrality issues reports to the Commission annually
- the Head of Office provides monthly updates on key management issues.

The Audit and Risk Committee is a further source of accountability through its periodic review of particular aspects of the Commission's operations. Its membership comprises a chairperson and two members, all of which are independent and external to the Australian Public Service (table 5). 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 and Risk Committee meets at least four times a year. The charter determining the functions of the Audit and Risk Committee can be found at www.pc.gov.au/about/governance/audit-committee.

Table 5 – Audit and Risk Committee membership 2021-22

Member name	*Qualifications, knowledge, skills or experience*	*Number of meetings attended*	*Total annual remuneration*
Neil Byron	Neil has extensive experience in the Australian Public Service as an economist including 12 years as a Commissioner at the Productivity Commission. He was also the NSW Natural Resources Commissioner. As well as chairing the Productivity Commission's Audit and Risk Committee, Neil is a Non-executive Director of Alluvium Holdings Pty Ltd, and its subsidiary, Natural Capital Economics Pty Ltd; Member of the MDBA's Advisory Committee on Social, Economic and Environmental Sciences; and Chair of NSW Farm Forestry Expert Panel (Local Land Services). Neil has an honours degree in Forest Science from the ANU and a masters and doctorate in resource & environmental economics from University of British Columbia, in Vancouver, Canada.	4.5	$10,500
Jenny Zahara	Jenny has 14 years experience in finance, governance and corporate services, in the Victoria Public Service, where she provided advice and support to Ministers, the Secretary and Executive Board. Jenny was the Chief Financial Officer at Department of Health. She holds a Bachelor of Commerce, Accounting and Finance and Bachelor of Science from the University of Melbourne, and is an FCPA and a graduate member of the Australian Institute of Company Directors (GAICD).	1	$2,200
Michael Everett	Michael has over 30 years' experience in all aspects of finance, corporate services and governance in the both the Victorian and Commonwealth public service. He holds a Bachelor of Economics from La Trobe University and is FCPA and GAICD qualified.	5	$0
Dennis Mihelyi	Dennis has more than 40 years' experience in finance, corporate services and governance within the Commonwealth public sector including key management roles as Chief Financial Officer and Head of Corporate Services. He holds a Bachelor of Planning from RMIT and Graduate Diploma in Accounting from Deakin University and is a CPA.	4	$9,439

Risk management and fraud control

Risk assessments are undertaken within a formal risk management model specified in the Commission's risk management plan. Senior management and the Audit and Risk Committee review the plan annually.

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 Framework. No instances of fraud were reported during 2021-22.

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 periodically undertaken.

Ethical standards

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

- It has embraced the Australian Public Service (APS) Values, Employment Principles and Code of Conduct.
- Senior managers are encouraged to set an example through the ethical and prudent use of Commonwealth resources.

The Commission has a number of specific policies relating to ethical standards that 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, including as part of induction, and are updated as required. Staff awareness and training sessions are offered periodically on these topics.

External and internal scrutiny

The Commission's processes, which provide for high levels of transparency and community participation in its work, are a key means of promoting external scrutiny.

External scrutiny is also promoted through the Commission's extensive reporting, in various publications, of different aspects of its work.

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 2021-22 in respect of either charter.

The Auditor-General issued an unqualified independent audit report on the Commission's 2021-22 financial statements. The Commission also engages a firm to undertake a program of internal audit reviews. In 2021-22, the internal auditors conducted a review of key financial controls, to assess the extent to which the Commission has in place and effectively operates key internal controls relating to the management of physical and virtual credit cards, and portable and attractive assets.

In addition, the internal auditors assessed the effectiveness of the Commission's policies, systems and processes in managing staff leave. The internal auditors also conducted a self-control assessment to assess the Commission's handling of business continuity challenges regarding COVID-19, and identify areas for improvement for managing future major disruption to business operations.

The Audit and Risk 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
- scrutiny of the Commission's risk management assessment and plan
- reviews of relevant ANAO reports.

The use of Commission reports by Federal parliamentary committees during the year is discussed in chapters 2 and 4. The Commission is often invited to appear before Senate Committees to assist the work of Federal Parliament and facilitate scrutiny of its work, as well as being requested to attend Senate Estimates hearings, with appearances by the Chair and senior staff before the Senate Standing Committee on Economics.

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 2021-22, the Commission continued to develop its use of social media to raise awareness of its work and promote participation in its public inquiries. The use of infographics and videos to highlight and promote aspects of the Commission's work also continued.

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, including through standing reports to its monthly meetings.

Workforce planning

The Commission's workforce planning approach reflects its operational context and objective, and key principles underpinning its operations.

In order to inform good policy and program design and promote public understanding of issues, the Commission must develop and maintain a capability that provides rigour of analysis, transparency of process, and independence and balance in our conclusions. This includes specialist technical expertise, including in modelling, and cultural capability to engage and work more effectively with Aboriginal and Torres Strait Islander people.

In 2021-22, the Commission continued to refine strategies to build and maintain skills and capabilities in consultation with senior management, to ensure alignment between known work priorities and resources and consider future capability requirements.

Remuneration and employment conditions

Remuneration for the Chair and Commissioners is set directly by the Remuneration Tribunal in determinations that are publicly available on the Tribunal's website.

The Commission's Senior Executive Service (SES) employees are employed under individual determinations made under section 24(1) of the *Public Service Act 1999*. SES remuneration is set by the Chair, and subject to review periodically, in the context of particular role requirements and how the roles are performed, and taking account of public and private sector benchmarks, including those contained in the APS Remuneration Report published by the Australian Public Service Commission.

Information on key management personnel remuneration is set out in note 1 to the Financial Statements (chapter 6) and disaggregated reporting is in the Appendix. Average remuneration for senior executives and other highly paid staff is also in the Appendix.

The salary ranges of the Commission's non-SES employees are set out in the Enterprise Agreement 2017–2020 (the Agreement) and determination (under subsection 24(1) of the *Public Service Act 1999*) which sits alongside the Agreement. This determination provides additional annual salary increases out to September 2022. The Agreement also includes provisions aimed at providing a flexible, satisfying and rewarding environment for employees. The Agreement and determination are available on the Commission's website. The Appendix provides details of salary ranges at 30 June 2022.

At 30 June 2022, ten individual flexibility agreements were in place, addressing allowances and working arrangements.

Performance management and pay

All Commission employees participate in regular performance management activities. The Commission's performance management policy and practice focuses on regular, meaningful feedback to support individuals' development.

The practical elements of the Commission's policy and practice are designed to:

- develop and maintain a strong culture of conversation between employees and managers, where two-way discussions and feedback are part of regular work practices
- focus on individual's capability development, including building and maintaining the capability of employees and managers to support and sustain high performance
- recognise that an individual's performance is shaped by both results and outcomes, and the behaviours demonstrated along the way
- focus efforts on learning and development in a way that can be tailored to individuals' needs at different points in their careers.

Ahead of each formal feedback round — which occur at six-monthly intervals — training is conducted for employees and managers to ensure readiness for formal feedback sessions.

Under the Commission's enterprise agreement, all salary increases are conditional upon employees being rated fully effective in their formal performance feedback. Performance bonuses are not a feature of remuneration for Commission employees.

Consultative arrangements

The formal employee consultative mechanism is the Productivity Commission Consultative Committee. The Committee comprises elected employee representatives, a CPSU representative, and management representatives. The Committee met four times in 2021-22.

In addition, there is regular direct consultation between management and employees, including through regular team and all-staff meetings.

Learning and development

The Commission's approach to learning and development aims to foster and maintain a vibrant learning culture, and support the Commission's work and employees' career development.

Employees can undertake learning and development across three core skills families:

- Technical
- Leadership/Management/Workplace
- Individual/Interpersonal

Opportunities for learning and development may be employee-identified, be supervisor-encouraged or directed, or reflect organisation-wide initiatives.

In 2021-22, the Commission focussed on delivering its learning and development activities in line with the Learning and Development Strategy 2021-23, taking a structured and coordinated approach with regular engagement with Management Committee on emerging priorities.

Learning activities delivered in 2021-22 included various programs that focused on maintaining our positive workplace culture through hybrid work, increasing cultural capability, and supporting inclusion and diversity.

Given the continued impacts of COVID-19 in 2021-22 and with consideration to hybrid working, the majority of L&D activities were delivered online or in hybrid format. Our L&D offerings reflected areas of organisational priority - including further building cultural capability across the Commission, and supporting leadership development for SES and Executive level staff. We continued to offer regular activities to ensure our hybrid work arrangements maintain a positive workplace culture, including to support inclusion and diversity and respect at work.

Other activities included a mentoring program for Executive Level employees, an Executive Leadership series, regularised new starter training for graduates and other new employees, and opportunities for staff participation in the Jawun secondment program, external leadership courses and mobility opportunities across the APS.

The Commission continued to provide access to specific training and development activities for individuals, including one-on-one coaching to address particular development needs and extensive on-the-job training within the Commission. A program of internal seminars on a range of topical economic, social and environmental issues also contributed to staff development.

Employees may also seek to access studies assistance (in the form of paid leave and/or assistance with fees) in the pursuit of tertiary qualifications.

The Commission also continues to offer opportunities for secondments and temporary transfers as a way to further build capability and experience.

Work health and safety

A Work Health and Safety (WHS) Committee oversees the Commission's work health and safety program. Committee membership includes management and staff health and safety representatives from both the Commission's Canberra and Melbourne offices. The Committee met four times during 2021-22.

Regular workplace hazard inspections are conducted by members of the WHS Committee. No formal WHS investigations were conducted during the year and there were no notifiable incidents. No notices under Part 10 of the Work Health Safety Act 2011 were given to the Commission during 2021-22. Training is provided for employees who have specific WHS related responsibilities.

WHS activities and offerings continued to focus on supporting mental and physical health, and encouraging connection and communication through the pandemic and remote/hybrid work.

Some key activities during the year included:

- Webinars and small-group sessions to support mental health and resilience through the changing phases of the pandemic.
- Tailored support for staff and managers to assist individuals with challenges arising through the pandemic, including a series of confidential wellbeing check-in calls.
- Encouraging participation in virtual activities or team-based challenges to support physical wellbeing and connection through periods of COVID-19 restrictions.
- Continuing with regular initiatives, including flu vaccinations, skin checks and ergonomic workstation assessments (including virtual home-based assessments).

Work health and safety continued to be a key priority for the Commission during 2021-22, given the impacts of the COVID-19 pandemic across Australia. The Commission's focus has been on supporting the wellbeing of employees, ensuring technology and WHS practices support greater use of home-based work, and further developing and maintaining COVIDSafe plans and protocols to mitigate risk. There has been regular communication and consultation on WHS matters arising from COVID-19, and a range of supports have been made available to employees.

The Commission continues to provide effective early intervention support to ill and injured employees, where required. It also offers employees and their immediate family members access to independent, confidential and professional counselling and assistance for work-related or personal issues.

Workplace diversity

The Commission is committed to building and maintaining a workplace culture that values and serves people with different backgrounds, experiences, and perspectives. The Commission continues to foster a culture that is supportive of employees achieving their potential and which values employee diversity.

As at 30 June 2022:

- 59 per cent of staff were female
- 1 per cent of staff identified as Indigenous
- 20 per cent of staff were born outside Australia
- 12 per cent of staff identified as having a first language other than English
- 2 per cent of staff identified as having a disability
- 28 per cent of staff were aged 50 years or older
- 19 per cent of staff were under 30 years of age.

In 2021-22, work continued to embed the Commission's Workplace Diversity and Inclusion Strategy. The Strategy reflects the Commission's commitment to focus efforts on three priority areas — disability employment, Indigenous employment and awareness of Indigenous cultures, and Culturally and Linguistically Diverse (CALD) / multicultural employment — as well as support for diversity and inclusion matters more broadly.

In 2021-22, SES Diversity Champions worked with staff to support the delivery of actions in the strategy, including establishing a Diversity Working Group. The Strategy is due for review in late 2022.

Financial performance

The Productivity Commission is a listed entity under *the Public Governance, Performance and Accountability Act 2013*.

Revenue from government in 2021-22 was at $36.6 million ($33.3 million in 2020-21). Revenue from other sources was $0.3 million ($0.4 million in 2020-21).

Operating expenses fell in 2021-22 to $32.5 million ($33.3 million in 202-21). The major expenses in 2021-22 were $25.5 million in respect of employee expenses, $3.5 million relating to supplier payments, and $3.1 million in asset depreciation, amortisation and related expenses.

Under the Australian Government's net cash appropriation arrangements, individual agencies are not funded for depreciation or amortisation expenses through appropriation revenue. The operating result for 2021-22 was a $5.7 million surplus, after excluding those depreciation and amortisation expenses.

The surplus mainly arose from lower than forecast employee related expenses and supplier costs. Employee benefits were lower primarily due to delays in filling positions, higher than expected outward secondments on cost recovery basis and lower than forecast leave expenses.

Table 4 (above) provides a summary of financial and staffing resources. The agency resource statement is provided in the Appendix. The audited financial statements for 2021-22 are shown in chapter 6 and include commentary on major budget variances.

Other reporting requirements

Purchasing

The Commission applies the Commonwealth Procurement Rules. The Commission's purchases of goods and services during 2021-22 were consistent with the 'value for money' principle underpinning those rules.

The Commission did not enter into any contracts or standing offers that were exempt from AusTender publication. During 2021–22, the Commission entered into one contract over $100,000 (including GST) that did not include a provision for the ANAO to have access to the contractor's premises if required. The contract was for Application Management and Support services, with TechnologyOne Limited, and holds a total value of $118,800 (including GST). The omission of the access clause was due to the contract being signed on Technology One's contract template, not the Australian Government's contract template. All remaining contracts of $100,000 or more included the clause providing access to the Auditor-General, during the reporting period.

The Commission supports small business participation in the Commonwealth Government procurement market by, for example, use of the Commonwealth Contracting suite for low-risk procurements valued under $200,000 and communication in clear, simple language in accordance with the Small Business Engagement Principles. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance's website at www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts.

Consultancies

The Commission continued to utilise the services of a small number of consultants during the year where it was cost-effective to do so.

During 2021-22, the Commission entered into three new consultancy contracts and there was one ongoing consultancy contracts that had been entered into during 2021-22. Total expenditure on consultancies was $42,029 (table 6).

Table 6 – Number and expenditure on consultants, current reporting period (2021-22)

	Number	*Expenditure $ (GST inc.)*
New contracts entered into during the reporting period	3	36,388
Ongoing contracts entered into during a previous reporting period	1	5,641
Total	4	42,029

Table 7 provides information on consultants in the five years to 2021-22.

Table 7 – Expenditure on consultancies, 2017-18 to 2021-22

	2017-18	*2018-19*	*2019-20*	*2020-21*	*2021-22*
	$'000	$'000	$'000	$'000	$'000
Expenditure	98	63	181	67	42

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.

Reportable non consultancy contracts

During 2021-22, the Commission entered into one new reportable non consultancy contracts and there was one ongoing consultancy contract that had been entered into during 2021-22. Total expenditure on reportable non consultancy contracts was $64,341.

Table 8 – Number and expenditure on reportable non consultancy contracts, current reporting period (2021-22)

	Number	*Expenditure $ (GST inc.)*
New contracts entered into during the reporting period	1	15,281
Ongoing contracts entered into during a previous reporting period	1	49,060
Total	2	64,341

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.

Ecologically sustainable development (ESD)

Under the *Environment Protection and Biodiversity Conservation Act 1999*, agencies are required — through their annual reports — to report on ecologically sustainable development (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' (s. 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' (s. 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. The Commission's inquires into *Right to Repair* and *Register of Foreign-owned Water Entitlements* are examples of work undertaken in 2021-22 that required 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 it 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.

During 2021-22, the Commission recorded energy usage of 2,965 MJ/person/annum (2020-21: 3,307 MJ/person/annum). The Department is required to meet the target of no more than 7,500 megajoules (MJ) per person, per annum, for office tenant light and power under the EEGO Policy. In 2021-22, the Commission met this target, using 2,965 MJ per person, per annum. The EEGO performance improved by ~ 10 % when compared to FY 2020-21. The closure and vacation of premises at Melbourne 530 Collins Street resulted in an energy consumption reduction of ~ 31 % as well as a cost reduction of ~ 27 % during this financial year. The major reason behind the reduction in office occupant density is due to COVID-19 restrictions and improved TLP (Tenant Light and Power) performance. The Commission has offices in Melbourne and Canberra in buildings that have 6.0 star and 4.5 stars NABERS Energy ratings respectively.

National Disability Strategy

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

Australia's Disability Strategy 2021–2031 was launched in December 2021, and replaces the National Disability Strategy 2010–2020 (original strategy). It sets out a plan for continuing to improve the lives of people with disability in Australia over the next ten years.

Disability Employment is one of the key focus areas of the Commission's Workplace Diversity and Inclusion Strategy 2019–22, and the Commission will look to Australia's Disability Strategy 2021–2031 as part of the review and update of the next Strategy, to be undertaken in late 2022.

Freedom of information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report.

Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. The Commission's plan is at www.pc.gov.au/about/governance/freedom-of-information.

Advertising and market research

The Commission does not undertake 'advertising campaigns'. However, it does publicise 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 (as required by the *Productivity Commission Act 1998*), press releases, email alerts, notification on the Commission's website and via social media, and distribution of Commission circulars.

In 2021-22, expenditure on advertising related to commissioned Inquiries and studies was $6,391.

Financial Statements

Independent Auditor's Report

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Opinion

In my opinion, the financial statements of the Productivity Commission (the Entity) for the year ended 30 June 2022:

(a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Entity as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- Statement by the Chair and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chair is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Chair is also responsible for such internal control as the Chair determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chair is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Amy Wicks

Audit Principal

Delegate of the Auditor-General

Canberra

25 August 2022

Statement by the Chair and Chief Finance Officer

Australian Government
Productivity Commission

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Collins Street East
Melbourne VIC 8003
Telephone 03 9653 2100
Facsimile 03 9653 2199
www.pc.gov.au

From the Chair's Office

Statement by the Chair and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Productivity Commission will be able to pay its debts as and when they fall due.

Michael Brennan
Chair

25 August 2022

Jane Holmes
Chief Finance Officer

25 August 2022

Statement of Comprehensive Income

for the period ended 30 June 2022

	Notes	***2022***	*2021*	*Original Budget*
		$'000	$'000	$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	**25,554**	24,451	29,912
Suppliers	2A	**3,597**	4,250	4,695
Depreciation and amortisation	4A	**3,163**	4,267	3,179
Finance costs	2E	**176**	212	306
Losses from asset sales		**12**	138	-
Total expenses		**32,502**	33,318	38,092
Own-Source Income				
Own-Source Revenue				
Revenue from contracts with customers	5B	**293**	348	10
Resources received free of charge	5C	**50**	50	50
Total own-source income		**343**	398	60
Net cost of services		**32,159**	32,920	38,032
Revenue from Government		**36,616**	33,297	36,616
Surplus / (Deficit)		**4,457**	377	(1,416)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	4A	**-**	234	-
Total comprehensive income / (loss)		**4,457**	611	(1,416)

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

The main budget variance within expenses are supplier costs, employee benefits and depreciation. Supplier costs were lower mainly due to variations in inquiry and other project activity. The nature, scope and timing of public inquiries and other work commissioned by Government are not always known when the Original Budget estimates are prepared, and those factors have had a bearing on cost outcomes. Depreciation and amortisation reduced due to the reduction in leases held. Revenue from contracts with customers is higher due to the unexpected extension of a previous arrangement. Salary and wages was lower than budget due to staff being recruited later than planned and a large reduction in employee provisions.

Statement of Financial Position

as at 30 June 2022

	Notes	***2022***	*2021*	*Original Budget*
		$'000	$'000	$'000
ASSETS				
Financial assets				
Cash and cash equivalents		**389**	453	288
Appropriation receivables	3B	**38,562**	32,977	31,143
Trade and other receivables	5A	**104**	110	165
Total financial assets		**39,055**	33,540	31,596
Non-financial Assets				
Buildings[1]	4A	**18,614**	21,366	17,965
Plant and equipment	4A	**847**	1,177	1,074
Computer software	4A	**1**	70	146
Other non-financial assets		**798**	467	294
Total non-financial assets		**20,260**	23,080	19,479
Total assets		**59,315**	56,620	51,075
LIABILITIES				
Payables				
Suppliers	2B	**581**	328	270
Other payables	2C	**629**	460	387
Total payables		**1,210**	788	657
Interest bearing liabilities				
Leases	2D	**15,766**	17,663	14,983
Total interest bearing liabilities		**15,766**	17,663	14,983
Provisions				
Employee provisions	1B	**9,204**	10,320	11,859
Total provisions		**9,204**	10,320	11,859
Total liabilities		**26,180**	28,771	27,499
Net Assets		**33,135**	27,849	23,576
EQUITY				
Contributed equity		**12,140**	11,311	12,140
Reserves		**1,827**	1,827	1,593
Retained surplus		**19,168**	14,711	9,843
Total equity		**33,135**	27,849	23,576

The above statement should be read in conjunction with the accompanying notes.

1. Right-of-use assets are included in Buildings line item.

Budget Variances Commentary

The main budget variance in respect of the financial position is a higher level of appropriation receivables (Revenue from Government) as a consequence of lower expenses in 2021-22 (refer to the commentary under the Statement of Comprehensive Income) and a higher than forecast opening balance.

Statement of Changes in Equity

for the period ended 30 June 2022

	Notes	***2022***	*2021*	*Original Budget*
		$'000	$'000	$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		**11,311**	8,984	11,311
Transactions with owners				
Contributions by Owners				
Departmental capital budget	3A	**829**	2,327	829
Total transactions with owners		**829**	2,327	829
Closing balance as at 30 June		**12,140**	11,311	12,140
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period		**14,711**	14,334	11,259
Comprehensive Income				
Surplus / (Deficit) for the period		**4,457**	377	(1,416)
Total comprehensive income		**4,457**	377	(1,416)
Closing balance as at 30 June		**19,168**	14,711	9,843
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		**1,827**	1,593	1,593
Comprehensive Income				
Other comprehensive income		**-**	234	-
Total comprehensive income		**-**	234	-
Closing balance as at 30 June		**1,827**	1,827	1,593

	Notes	***2022***	*2021*	*Original Budget*
		$'000	$'000	$'000
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		**27,849**	24,911	24,163
Comprehensive Income				
Surplus / (Deficit) for the period		4,457	377	(1,416)
Other comprehensive income		-	234	-
Total comprehensive income		4,457	611	(1,416)
Transactions with owners				
Contributions by Owners				
Departmental capital budget		**829**	2,327	829
Total transactions with owners		**829**	2,327	829
Closing balance as at 30 June		**33,135**	27,849	23,576

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

The variation against budget in respect of retained earnings mainly reflects the higher operating surpluses in the current and prior years (refer to the commentary under the Statement of Comprehensive Income).

Cash Flow Statement

for the period ended 30 June 2022

	2022	*2021*	*Original Budget*
	$'000	$'000	$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	**33,735**	35,478	36,496
Sale of goods and rendering of services	**250**	386	10
GST received	**619**	1,200	-
Other	**-**	300	-
Total cash received	**34,604**	37,364	36,506
Cash used			
Employees	**26,203**	25,571	29,792
Suppliers	**3,923**	4,927	4,645
Interest payments on lease liabilities	**176**	201	306
GST paid	**570**	1,189	-
Section 74 receipts transferred to OPA	**1,902**	2,593	-
Total cash used	**32,774**	34,481	34,743
Net cash from operating activities	**1,830**	2,883	1,763
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	**23**	4,058	190
Total cash used	**23**	4,058	190
Net cash used by investing activities	**(23)**	(4,058)	(190)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	**26**	3,977	190
Total cash received	**26**	3,977	190
Cash used			
Principal payments of lease liabilities	**1,897**	2,637	1,763
Total cash used	**1,897**	2,637	1,763
Net cash (used by) / from financing activities	**(1,871)**	1,340	(1,573)

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

The variation in total cash received and used reflects lower supplier related expenses (refer to the commentary under the Statement of Comprehensive Income), variation to the asset replacement program and a higher rendering of services revenue due to the unexpected extension of a previous arrangement.

The COVID-19 pandemic has created unprecedented economic uncertainty. It has impacted the Commission operations in the following areas for the financial year ended 30 June 2022:

- Financial savings because of reduced travel.
- Financial savings due to postponed or cancelled face to face contact activities including staff development.

Overview

Objectives of the Productivity Commission

The Productivity Commission is an Australian Government controlled entity. It is a not-for-profit entity.

The objective of the Commission is to provide independent research and advice on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of government responsibility — Federal, State and Territory and Local.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under *the Productivity Commission Act 1998*.

The Basis of Preparation

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*, and
- Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Accounting Standards

All new standards, revised standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Commission's financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
SB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would be have purchased if they had not been donated. Use of those resources is recognised as an expense. Resources free of charge are recorded as either revenue or gains depending on their nature.

Taxation

The Commission is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Events after the Reporting Period

There was no subsequent event that had the potential to significantly affect the on-going structure and financial activities of the Commission.

Notes to and forming part of the Financial Statements

1 Employee Related

1A Employee Benefits

1B Employee Provisions

1C Key Management Personnel Remuneration

1D Related Party Disclosures

2 Supplier Related

2A Suppliers (Expense)

2B Suppliers (Liability)

2C Other Payables

2D Interest Bearing Liabilities - Leases

2E Finance Costs

3 Funding from Government and Other Sources

3A Appropriations

3B Appropriations Receivable

3C Net Cash Appropriation Arrangements

4 Property, Plant and Equipment

4A Analysis of Property, Plant and Equipment and Intangibles

4B Fair Value Measurement

5 Other Financial Assets and Own Source Income

5A Trade and Other Receivables

5B Own-Source Income – Revenue from Contracts with Customers

5C Resources received free of charge

6 Other Information

6A Contingent Assets and Liabilities

6B Financial Instruments

6C Current/ Non-Current Distinction for Assets and Liabilities

Note 1: Employee Related

Note 1A: Employee Benefits

	2022	*2021*
	$'000	$'000
Wages and salaries	**19,411**	19,496
Superannuation:		
Defined contribution plans	**1,517**	1,641
Defined benefit plans	**1,670**	1,793
Leave and other entitlements	**2,956**	1,521
Total employee benefits	**25,554**	24,451

Note 1B: Employee Provisions

	2022	*2021*
	$'000	**$'000**
Leave	**9,204**	**10,320**
Total employee provisions	**9,204**	**10,320**

Accounting Policy

Liabilities for 'short term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Commission's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account staff turnover rates and expected pay increases. This method is affected by fluctuations in the Commonwealth Government 10 year Treasury Bond rate.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Commission recognises a provision for termination when it has developed a detailed formal plan for terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The majority of staff at the Commission are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Commission makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Commission accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the financial year.

Note 1C: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Commission, directly or indirectly, including any director (whether executive or otherwise) of the Commission. The Commission has determined the key management personnel to be the Chair, Head of Office, Executive Managers and Assistant Commissioner Corporate. Key management remuneration is reported in the table below:

	2022	*2021*
	$'000	$'000
Short-term employee benefits	**1,625**	1,670
Post-employment benefits	**181**	190
Other long-term employee benefits	**41**	42
Total key management personnel remuneration expenses	**1,847**	1,902

The total number of key management personnel that are included in the above table are 7 (2021: 5).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Commission.

Note 1D: Related Party Disclosures

Related party relationships

The Commission is an Australian Government controlled entity. Related parties to the Commission are Key Management Personnel including the Portfolio Minister and Executive and other Australian Government entities.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions are the payment or refund of taxes, receipt of Medicare rebate or higher education loans. These transactions have not been disclosed in this note.

The Commission transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including payment of workers compensation and insurance premiums; transfer of employee entitlements; purchase of statistical data; and other payments required by/according to Government policy or regulations. These are not considered individually significant to warrant separate disclosure as related party transactions.

Key Management Personnel disclosures were completed and no related party transactions were identified.

Note 2: Supplier Related

Note 2A: Suppliers (Expense)

	2022	2021
	$'000	$'000
Goods and services supplied or rendered		
Consultants	**38**	61
Contractors	**60**	110
Travel	**220**	77
IT services	**1,075**	1,213
Other administration expenses	**2,163**	2,326
Total goods and services supplied or rendered	**3,556**	3,787
Goods supplied	**85**	226
Services rendered	**3,471**	3,561
Total goods and services supplied or rendered	**3,556**	3,787
Other supplier expenses		
Workers compensation expenses	**41**	35
Variable lease payments	**-**	428
Total other supplier expenses	**41**	463
Total supplier expenses	**3,597**	4,250

The above lease disclosure should be read in conjunction with the accompanying notes 2D, 2E and 4A

Accounting Policy

Short-term leases and leases of low value assets

The Commission has elected not to recognise right-of-use assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than $10,000). The Commission recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term. The Commission no longer has any short-term leases at 30 June 2022.

Note 2B: Suppliers (Liability)

	2022	2021
	$'000	$'000
Trade creditors and accruals	**581**	328
Total suppliers payables	**581**	328

Settlement was usually made within 20 days. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Note 2C: Other Payables

	2022	2021
	$'000	$'000
Wages and salaries	**541**	396
Superannuation	**88**	64
Total other payables	**629**	460

Note 2D: Interest Bearing Liabilities – Leases

	2022	2021
	$'000	$'000
Lease liabilities	**15,766**	17,663
Total interest bearing liabilities - leases	**15,766**	17,663

Total cash outflow for leases for the year ended 30 June 2022 was $2.1 million (2021: $2.8 million)

Maturity analysis – contractual undiscounted cash flows

	2022	2021
	$'000	$'000
Within 1 year	**2,161**	2,073
Between 1 to 5 years	**9,595**	9,208
More than 5 years	**4,484**	7,032
Total leases	**16,240**	18,313

The above lease disclosures should be read in conjunction with the accompanying notes 2E and 4A.

Accounting Policy

Leased Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into any lease less any lease incentives received.

Following initial adoption of AASB 16 lease ROU assets continue to be measured at cost after initial recognition in the financial statements.

Leases

For all new contracts entered, the Commission considers whether the contract is, or contains a lease. Once it has been determined that it is a lease, the lease liability is measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, or the department's incremental borrowing rate.

Following initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification of the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset or profit and loss depending on the nature of the reassessment or modifications.

Note 2E: Finance Costs

	2022	*2021*
	$'000	$'000
Interest on lease liabilities	**176**	**201**
Unwinding of discount	**-**	**11**
Total finance costs	**176**	212

The above lease disclosures should be read in conjunction with the accompanying notes 2D, 2E and 4A.

Accounting Policy

All borrowing costs are expensed as incurred.

Note 3: Funding from Government and Other Sources

Note 3A: Appropriations

Note 3A-1: Appropriations – Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2022

	Annual Appropriation[1]	Adjustment to appropriation[2]	Total appropriation	Appropriation applied in 2022 (current and prior years)	Variance[4]
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services	36,616	1,325	37,941	33,222	4,719
Capital Budget[3]	829	-	829	26	803
Total departmental	37,445	1,325	38,770	33,248	5,522

Notes:

1. Departmental appropriations do not lapse at financial year-end.
2. The adjustment to appropriation was PGPA Act Section 74 receipts.
3. The Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.
4. The variance in appropriation applied to the capital budget reflects the minimal spend on capital items. The variance in ordinary annual services reflects a lower than anticipated spend on salary and wages.

Note 3A-1: Appropriations – Annual Appropriations ('Recoverable GST exclusive') continued

Annual Appropriations for 2021

	Annual Appropriation[1]	Adjustment to appropriation[2]	Total appropriation	Appropriation applied in 2021 (current and prior years)	Variance[4]
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services	33,297	1,561	34,858	34,281	577
Capital Budget[3]	2,327	-	2,327	4,058	(1,731)
Total departmental	35,624	1,561	37,185	38,339	(1,154)

Notes:

1. Departmental appropriations do not lapse at financial year-end.
2. The adjustment to appropriation was PGPA Act Section 74 receipts.
3. The Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

4. The variance in appropriation applied to the capital budget reflects the major capital expenditure on the lease fitout of the new office premises.

Note 3A-2: Appropriations – Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')

	2022	*2021*
	$'000	$'000
Authority		
Appropriation Act (No.1) 2020-21	**38,460**	33,430
Appropriation Act (No.1) 2021-22	**492**	-
Total as at 30 June	**38,952**	33,430

Accounting Policy

Revenue from Government – Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Commission gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Equity Injections – Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Note 3B: Appropriations Receivable

	2022	*2021*
	$'000	$'000
Appropriations receivable		
Appropriation receivable	**38,562**	32,977
Total appropriations receivable	**38,562**	32,977

Note 3C: Net Cash Appropriation Arrangements

	2022	*2021*
	$'000	$'000
Total comprehensive income / (loss) – as per the Statement of Comprehensive Income	**4,457**	611
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and / or equity injections)	**970**	1,229
Plus: depreciation right-of-use assets	**2,193**	3,038
Less: lease principal repayments	**(1,897)**	(2,637)
Net Cash Operating Surplus / (Deficit)	**5,723**	2,241

From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principle repayment amount reflects the cash impact on implementation of AASB 16 Leases, it does not directly reflect a change in appropriation arrangements.

Note 4: Property, Plant and Equipment

Note 4A: Analysis of Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2021-22)

	Buildings	*Plant & equipment*	*Computer software*	*Total*
	$'000	**$'000**	**$'000**	**$'000**
As at 1 July 2021				
Gross book value	**24,295**	**1,177**	**802**	**26,274**
Accumulated depreciation / amortisation and impairment	**(2,929)**	**-**	**(732)**	**(3,661)**
Total as at 1 July 2021	**21,366**	**1,177**	**70**	**22,613**
Additions:				
By purchase	**-**	**23**	**-**	**23**
Depreciation / amortisation expense	**(559)**	**(353)**	**(58)**	**(970)**
Depreciation on right-of-use assets	**(2,193)**	**-**	**-**	**(2,193)**
Disposals	**-**	**-**	**(11)**	**(11)**
Total as at 30 June 2022	**18,614**	**847**	**1**	**19,462**
Total as at 30 June 2022 represented by:				
Gross book value	**24,295**	**1,200**	**195**	**25,690**
Accumulated depreciation/amortisation and impairment	**(5,681)**	**(353)**	**(194)**	**(6,228)**
Total as at 30 June 2022	**18,614**	**847**	**1**	**19,462**
Carrying amount of right-of-use assets	**14,718**	**-**	**-**	**14,718**

The fair value of buildings has been taken to be the fair value measurement of similar buildings as determined by an independent valuer as at 30 June 2022.

There are no capital commitments to acquire any property, plant, equipment and intangible assets as at balance date.

There are no plans to dispose of any property, plant equipment or intangibles in the next 12 months as at 30 June 2022.

Accounting Policy

Asset Recognition Threshold

Purchases of property, plant and equipment and software are recognised initially at cost in the statement of financial position, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Following initial application of AASB16, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector and Whole of Government financial statements.

Revaluations

Following initial recognition at cost, property, plant and equipment excluding ROU assets are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Assets were revalued by Jones Lang LaSalle Advisory Services Pty Ltd as at 30 June 2021. The revaluation increment for leasehold improvements and decrement for plant and equipment were credited and debited respectively to the asset revaluation reserve by asset class and included in the equity section of the statement of financial position.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation and Amortisation

Depreciable property, plant and equipment assets and intangible assets are written-off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight-line method of depreciation.

Depreciation and amortisation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods as appropriate.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2022	*2021*
Buildings (leasehold improvements, make-good and ROU assets)	**Lease term**	Lease term
Plant and equipment	**3 to 20 years**	3 to 20 years
Intangibles (computer software)	**3 to 5 years**	3 to 5 years

Impairment

All assets were assessed for impairment at 30 June 2022. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows and the asset would be replaced if the Commission were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment and software is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Commission's intangibles comprise purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Note 4B: Fair Value Measurement

Fair value measurements at the end of reporting period

	2022	2021
	$'000	$'000
Non-financial assets		
Buildings	**18,614**	21,366
Other property, plant and equipment	**847**	1,177
Total fair value measurements of assets in the statement of financial position	**19,461**	22,543

The above disclosure should be read in conjunction with the accompanying note 4A.

Note 5: Other Financial Assets and Own Source Income

Note 5A: Trade and Other Receivables

	2022	*2021*
	$'000	$'000
Goods and services receivables		
Goods and services	**79**	35
Total goods and services receivables	**79**	35
Other receivables:		
GST receivable from the Australian Taxation Office	**25**	72
Other	**-**	3
Total other receivables	**25**	75
Total trade and other receivables (gross and net)	**104**	110

All receivables are not overdue and are expected to be recovered within 12 months.

Credit Terms for goods and services were within 30 days (2021: 30 days)

Accounting Policy

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. An Expected Credit Loss is made when collectability of the debt is no longer probable.

Note 5B: Own Source Income – Revenue from Contracts with Customers

	2022	*2021*
	$'000	$'000
Rendering of services – outsourced service delivery	**293**	348
Total revenue from contracts with customers	**293**	348

There is no disaggregation of revenue from contracts with customers as all contracts were of similar characteristics and primarily consists of the provision of shared services to other government agencies via memorandum of understanding on a cost recovery basis.

Accounting Policy

Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied, when the service is completed and over time when the customer simultaneously receives and consumes the services as it is provided. The Commission's non-appropriation revenue primarily consists of the provision of shared services to other government agencies via a memorandum of understanding (MOU) on a cost recovery basis. Approximately 99% of the Commission's revenue is from Government Appropriation and therefore outside the scope of AASB 15.

Note 5C: Resources received free of charge

	2022	*2021*
	$'000	$'000
Remuneration of auditors	**50**	50
Total resources received free of charge	**50**	50

Accounting Policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Note 6: Other Information

Note 6A: Contingent Assets and Liabilities

At 30 June 2022, the Commission had no quantifiable contingent assets or liabilities. (2021: Nil)

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Note 6B: Financial Instruments

Note 6B-1: Financial Instruments - Categories of financial instruments

	2022	*2021*
	$'000	$'000
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	**389**	453
Trade receivables	**79**	35
Total financial assets	**468**	488
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables – suppliers	**581**	328
Total financial liabilities	**581**	328

Accounting Policy

Financial Assets

The Commission classifies its financial assets in the following categories:

a. financial assets at fair value through profit or loss;
b. financial assets at fair value through other comprehensive income; and
c. financial assets measured at amortised cost.

The classification depends on both the Commission's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the Commission becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

The Commission currently only has financial assets at amortised cost.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities. Financial liabilities are recognised and derecognised upon ‘trade date’.

The Commission currently only has financial liabilities at amortised cost.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Note 6B-2: Financial Instruments - Net gains or losses from financial assets

There were no gains or losses from financial assets at amortised cost in the year ending 30 June 2022. (2021: nil)

Note 6B-3: Financial Instruments - Net gains or losses from financial liabilities

There were no gains or losses from financial liabilities at amortised cost in the year ending 30 June 2022. (2021: nil)

Note 6C: Current/non-current distinction for assets and liabilities

	2022	*2021*
	$'000	$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	**389**	453
Appropriation receivables	**38,562**	32,977
Trade and other receivables	**104**	110
Prepayments	**798**	467
Total no more than 12 months	**39,853**	34,007
More than 12 months		
Buildings	**18,614**	21,366
Plant and equipment	**847**	1,177
Computer software	**1**	70
Total more than 12 months	**19,462**	22,613
Total assets	**59,315**	56,620
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	**581**	328
Other payables	**629**	460
Employee provisions	**2,582**	2,054
Leases	**2,012**	1,897
Total no more than 12 months	**5,804**	4,739
More than 12 months		
Employee provisions	**6,622**	8,266
Leases	**13,754**	15,766
Total more than 12 months	**20,376**	24,032
Total liabilities	**26,180**	28,771

Appendix

Executive remuneration

Table 9 – Key management personnel, 2021-22

Name	*Position*	*Term as KMP*
Michael Brennan	Chair	Full year
Sam Reinhardt	Head of Office	7 months
Nina Davidson	Head of Office	3 months
Mary Cavar	Executive Manager	11 months
Anna Heaney	Acting Executive Manager	1 month
Ralph Lattimore	Executive Manager	Full year
Jane Holmes	Acting Assistant Commissioner, Corporate (CFO)	Full year

Table 10 – Key management personnel remuneration (as reported in the Notes to the Financial Statements

Benefit type	*$'000*
Short-term employee benefits	1,625
Post-employment benefits	181
Other long-term employee benefits	41
Total key management personnel remuneration expenses	1,847

Table 11 – Information about remuneration for key management personnel

Name	*Position title*	*Short-term benefits*			*Post-employment benefits*	*Other long-term benefits*		*Termination benefits*	*Total remuneration*
		Base salary	*Bonuses*	*Other benefits and allowances*	*Superannuation contributions*	*Long service leave*	*Other long-term benefits*		
Anna Heaney	Acting Executive Manager	9,381	0	0	1,783	232	0	0	11,396
Sam Reinhardt	Head of Office	205,246	0	0	32,972	4,877	0	0	243,095
Nina Davidson	Head of Office	82,634	0	0	16,617	2,448	0	0	101,699
Mary Cavar	Executive Manager	275,152	0	0	22,258	7,081	0	0	304,491
Ralph Lattimore	Executive Manager	279,123	0	0	49,622	6,892	0	0	335,637
Jane Holmes	Acting Assistant Commissioner, Corporate (CFO)	174,647	0	0	34,118	4,577	0	0	213,342
Michael Brennan	Chair	599,000	0	0	23,708	14,652	0	0	637,360

Note: Base salary includes annual leave provision movement (accrued annual leave less any leave paid during the year)

Table 12 – Information about remuneration for Senior Executives and Commissioners

Total remuneration bands	*Number of senior executives*	*Short-term benefits*			*Post-employment benefits*	*Other long-term benefits*		*Termination benefits*	*Total remuneration*
		Average base salary	*Average bonuses*	*Average other benefits and allowances*	*Average superannuation contributions*	*Average long service leave*	*Average other long-term benefits*	*Average termination benefits*	*Average total remuneration*
$0 - $220,000	12	$104,681	0	$ 371	$ 14,934	$ 9,555	0	0	$ 129,541
$220,001 - $245,000	1	$ 167,074	0	0	$ 12,575	$ 47,841	0	0	$ 227,490
$245,001 - $270,000	5	$ 183,909	0	$360	$ 30,818	$ 38,064	0	0	$ 253,152
$270,001 - $295,000	2	$ 234,103	0	0	$ 45,027	$ 7,606	0	0	$ 286,736
$295,001 - $320,000	1	$ 246,926	0	0	$ 46,331	$ 8,651	0	0	$ 301,908
$320,001 - $345,000	1	$ 274,595	0	0	$ 42,596	$ 7,942	0	0	$ 325,134
$345,001 - $370,000	0	0	0	0	0	0	0	0	0
$370,001 - $395,000	3	$ 320,677	0	0	$ 29,744	$ 37,333	0	0	$ 387,753
$395,001 - $420,000	3	$ 343,244	0	0	$ 52,679	$ 7,783	0	0	$ 403,706

Note: 'Number of senior executives' includes Senior Executives and Commissioners during the year, excluding key management personnel. Base salary includes annual leave provision movement (accrued annual leave less any leave paid during the year).

The Commission did not pay remuneration for any 'other highly paid staff' during 2021-22.

Accountable authority

Table 13 – Details of accountable authority during 2021-22

Name	*Position held*	*Period as the accountable authority or member within the reporting period*
Michael Brennan	Chair	Full year

Resource statement

Table 14 – Entity resource statement 2021-22

	Actual available appropriation - current year	*Payments made*	*Balance remaining*
	$'000	*$'000*	*$'000*
Departmental	*(a)*	*(b)*	*(a)-(b)*
Annual appropriations - ordinary annual services[a]	72,200	33,248	38,952
Total departmental annual appropriations	0	0	0
Total departmental resourcing	72,200	33,248	38,952
Total resourcing and payments for entity	**72,200**	**33,248**	**38,952**

a. Appropriation Act (No. 1) 2021-22. This may also include prior-year departmental appropriation and section 74 external revenue

Human resources

Table 15 – All ongoing employees, current reporting period (2021-22)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	35	5	40	49	14	63	0	0	0	103
WA	0	0	0	0	0	0	0	0	0	0
ACT	24	2	26	29	7	36	0	0	0	62
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
TOTAL	59	7	66	78	21	99	0	0	0	165

As at 30 June 2022

Table 16 – All non-ongoing employees, current reporting period (2021 22)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	6	3	9	4	4	8	0	0	0	17
WA	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
TOTAL	6	3	9	4	5	9	0	0	0	18

As at 30 June 2022.

Table 17 – All ongoing employees, previous reporting period (2020-21)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	33	3	36	37	12	49	0	0	0	85
WA	0	0	0	0	0	0	0	0	0	0
ACT	24	1	25	22	11	33	0	0	0	58
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
TOTAL	57	4	61	59	23	82	0	0	0	143

As at 30 June 2021.

Table 18 – All non-ongoing employees, previous reporting period (2020-21)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	4	1	5	3	4	7	0	0	0	12
WA	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	1	1	2	0	0	0	2
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
TOTAL	4	1	5	4	5	9	0	0	0	14

As at 30 June 2021.

Table 19 – Australian Public Service Act ongoing employees, current reporting period (2021-22)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	1	0	1	2	0	2	0	0	0	3
SES 1	4	0	4	10	2	12	0	0	0	16
EL 2	15	3	18	18	3	21	0	0	0	39
EL 1	13	1	14	17	7	24	0	0	0	38
APS 6	12	3	15	15	4	19	0	0	0	34
APS 5	3	0	3	11	3	14	0	0	0	17
APS 4	11	0	11	4	2	6	0	0	0	17
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	59	7	66	78	21	99	0	0	0	165

As at 30 June 2022.

Table 20 – Australian Public Service Act non-ongoing employees, current reporting period (2021-22)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	3	1	4	-	1	1	0	0	0	5
EL 1	1	1	2	1	1	2	0	0	0	4
APS 6	1	1	2	0	1	1	0	0	0	3
APS 5	1	0	1	0	0	0	0	0	0	1
APS 4	0	0	0	1	0	1	0	0	0	1
APS 3	0	1	1	1	2	3	0	0	0	4
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	6	4	10	3	5	8	0	0	0	18

As at 30 June 2022.

Table 21 – Australian Public Service Act ongoing employees, previous reporting period (2020-21)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	1	0	1	1	0	1	0	0	0	2
SES 1	4	0	4	7	2	9	0	0	0	13
EL 2	18	0	18	10	6	16	0	0	0	34
EL 1	15	2	17	15	4	19	0	0	0	36
APS 6	5	2	7	11	3	14	0	0	0	21
APS 5	10	0	10	9	3	12	0	0	0	22
APS 4	4	0	4	5	4	9	0	0	0	13
APS 3	0	0	0	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	57	4	61	59	23	82	0	0	0	143

As at 30 June 2021.

Table 22 – Australian Public Service Act non-ongoing employees, previous reporting period (2020-21)

	Male			*Female*			*Indeterminate*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	0	0	0	0	0	0	0	0	0	0
EL 1	0	0	0	2	1	3	0	0	0	3
APS 6	2	1	3	1	1	2	0	0	0	5
APS 5	2	0	2	1	2	3	0	0	0	5
APS 4	0	0	0	0	1	1	0	0	0	1
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	4	1	5	4	5	9	0	0	0	14

As at 30 June 2021.

Table 23 – Australian Public Service Act employees by full-time and part-time status, current reporting period (2021-22)

	Ongoing			*Non-Ongoing*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
SES 3	1	0	1	0	0	0	1
SES 2	3	0	3	0	0	0	3
SES 1	14	2	16	0	0	0	16
EL 2	33	6	39	3	2	5	44
EL 1	30	8	38	2	2	4	42
APS 6	27	7	34	2	1	3	37
APS 5	14	3	17	1	0	1	18
APS 4	15	2	17	1	0	1	18
APS 3	0	0	0	1	3	4	4
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	137	28	165	10	8	18	183

As at 30 June 2022.

Table 24 – Australian Public Service Act employees by full-time and part-time status, previous reporting period (2020-21)

	Ongoing			*Non-Ongoing*			*Total*
	Full-time	*Part-time*	*Total*	*Full-time*	*Part-time*	*Total*	
SES 3	1	0	1	0	0	0	1
SES 2	2	0	2	0	0	0	2
SES 1	11	2	13	0	0	0	13
EL 2	28	6	34	0	0	0	34
EL 1	30	6	36	2	1	3	39
APS 6	16	5	21	3	2	5	26
APS 5	19	3	22	3	2	5	27
APS 4	9	4	13	0	1	1	14
APS 3	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	116	27	143	8	6	14	157

As at 30 June 2021.

Table 25 – Australian Public Service Act employment type by location, current reporting period (2021-22)

	Ongoing	*Non-Ongoing*	*Total*
NSW	0	0	0
Qld	0	0	0
SA	0	0	0
Tas	0	0	0
Vic	103	17	120
WA	0	0	0
ACT	62	1	63
NT	0	0	0
External Territories	0	0	0
Overseas	0	0	0
TOTAL	165	18	183

As at 30 June 2022.

Table 26 – Australian Public Service Act employment type by location, previous reporting period (2020-21)

	Ongoing	*Non-Ongoing*	*Total*
NSW	0	0	0
Qld	0	0	0
SA	0	0	0
Tas	0	0	0
Vic	85	12	97
WA	0	0	0
ACT	28	2	60
NT	0	0	0
External Territories	0	0	0
Overseas	0	0	0
TOTAL	143	14	157

As at 30 June 2021.

Table 27 – Australian Public Service Act Indigenous employment

	Current reporting period (2021-22)	*Previous reporting period (2020-21)*
Ongoing	4	1
Non-Ongoing	0	0
TOTAL	**4**	**1**

As at 30 June 2022 and 2021, respectively.

Table 28 – Australian Public Service Act employment arrangements, current reporting period (2021-22)

	SES	*Non-SES*	*Total*
S.24 Determination	17	0	17
Individual Flexibility Arrangements (IFA)	1	9	10
Enterprise Agreement (EA)	0	166	166
TOTAL	17	166	183

As at 30 June 2022.

Table 29 – Australian Public Service Act employment salary ranges by classification level (minimum/maximum), current reporting period (2021-22)

	Minimum Salary	*Maximum Salary*
SES 3	331,500	359,563
SES 2	261,157	292,832
SES 1	183,060	248,036
EL 2	125,782	171,603
EL 1	103,738	136,989
APS 6	81,904	99,926
APS 5	75,159	87,350
APS 4	67,084	81,898
APS 3	59,229	72,675
APS 2	51,990	60,096
APS 1	44,475	50,628
Other	0	0
Minimum/Maximum range	44,475	359,563

As at 30 June 2022.

Table 30 – Australian Public Service Act employment performance pay by classification level, current reporting period (2021-22)

	Number of employees receiving performance pay	*Aggregated (sum total) of all payments made*	*Average of all payments made*	*Minimum payment made to employees*	*Maximum payment made to employees*
SES 3	0	$0	$0	$0	$0
SES 2	0	$0	$0	$0	$0
SES 1	0	$0	$0	$0	$0
EL 2	0	$0	$0	$0	$0
EL 1	0	$0	$0	$0	$0
APS 6	0	$0	$0	$0	$0
APS 5	0	$0	$0	$0	$0
APS 4	0	$0	$0	$0	$0
APS 3	0	$0	$0	$0	$0
APS 2	0	$0	$0	$0	$0
APS 1	0	$0	$0	$0	$0
Other	0	$0	$0	$0	$0
TOTAL	**0**	**$0**	**$0**	**$0**	**$0**

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Annual reporting requirements and aids to access

Information contained in this annual report is provided in accordance with Schedule 2 Part 4 of the *Work Health and Safety Act 2011*, section 46 of *the Public Governance, Performance and Accountability Act 2013* and Part II of the *Freedom of Information Act 1982.*

The entire report is provided in accordance with section 10 of the *Productivity Commission Act 1998*. The annual report has also been prepared in accordance with parliamentary requirements for departmental annual reports issued by the Department of Finance. A compliance index is provided in the Indexes.

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

Assistant Commissioner, Corporate
Productivity Commission
Locked Bag 2, Collins Street East Post Office
MELBOURNE VIC 8003
Telephone: (03) 9653 2251

This annual report can be found at www.pc.gov.au/about/governance/annual-reports. Enquiries about any Commission publication can be made to:

Director
Media, Publications and Web
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601
Telephone: (02) 6240 3239
Email: mpw@pc.gov.au

Table 31 – Aids to access details, current reporting period (2021-22)

Annual Report contact officer (title/position held)	Assistant Commissioner, Corporate
Contact phone number	(03) 9653 2251
Contact email	mpw@pc.gov.au
Entity website (URL)	https://www.pc.gov.au

List of requirements – non-corporate Commonwealth entities

PGPA Rule Reference	*Part of Report*	*Description*	*Requirement*
17AD(g)	*Letter of transmittal*		
17AI	p.iii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	*Aids to access*		
17AJ(a)	p. vii-viii	Table of contents.	Mandatory
17AJ(b)	p. 80-82	Alphabetical index.	Mandatory
17AJ(c)	p. 83	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	p. 74-80	List of requirements.	Mandatory
17AJ(e)	p. 73	Details of contact officer.	Mandatory
17AJ(f)	p. 73	Entity's website address.	Mandatory
17AJ(g)	p. 73	Electronic address of report.	Mandatory
17AD(a)	*Review by accountable authority*		
17AD(a)	p. iii	A review by the accountable authority of the entity.	Mandatory
17AD(b)	*Overview of the entity*		
17AE(1)(a)(i)	p. 1	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	p. 2-3	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	p. 2	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	p. 1	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	p. 64	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	p. 64	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	p. 64	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(c)	*Report on the Performance of the entity* *Annual performance Statements*		
17AD(c)(i); 16F	p. 5-9	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	*Report on Financial Performance*		
17AF(1)(a)	p. 29	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	p. 64	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	*Management and Accountability* *Corporate Governance*		
17AG(2)(a)	p. iii, 24	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	p. iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	p. iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	p. iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	p. 22-25	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
	Audit Committee		
17AG(2A)(a)	p. 23	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	p. 24	The name of each member of the entity's audit committee.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(2A)(c)	p. 24	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	p. 24	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	p. 24	The remuneration of each member of the entity's audit committee.	Mandatory
	External Scrutiny		
17AG(3)	p. 25	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	N/A	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	p. 25	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
	Management of Human Resources		
17AG(4)(a)	p. 26-29	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	p. 64-66	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: • statistics on full-time employees; • statistics on part-time employees; • statistics on gender; • statistics on staff location.	Mandatory
17AG(4)(b)	p. 66-71	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	p. 26, 70	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999.*	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(c)(i)	p. 70	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	p. 71	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	p. 26	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	p. 71	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	p. 71	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	p. 71	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	p. 71	Information on aggregate amount of performance payments.	If applicable, Mandatory
	Assets Management		
17AG(5)	N/A	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory
	Purchasing		
17AG(6)	p. 30	An assessment of entity performance against the *Commonwealth Procurement Rules*.	Mandatory
	Reportable consultancy contracts		
17AG(7)(a)	p. 30	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	p. 30	A statement that *"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of $[specified million]".*	Mandatory
17AG(7)(c)	p. 30	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(7)(d)	p. 30	A statement that *"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."*	Mandatory
	Reportable non-consultancy contracts		
17AG(7A)(a)	p. 31	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	p. 31	A statement that *"Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."*	
	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	p. 31	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
	Australian National Audit Office Access Clauses		
17AG(8)	p. 30	If an entity entered into a contract with a value of more than $100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
	Exempt contracts		
17AAG(9)	N/A	If an entity entered into a contract or there is a standing offer with a value greater than $10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	Small business		
17AG(10)(a)	p. 30	A statement that "*[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website*."	Mandatory
17AG(10)(b)	p. 30	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature — a statement that *"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."*	If applicable, Mandatory
	Financial Statements		
17AD(e)	p. 33-60	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
	Executive Remuneration		
17AD(da)	p. 64-66	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	*Other Mandatory Information*		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that "*During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.*"	If applicable, Mandatory
17AH(1)(a)(ii)	p. 32	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that *"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."*	If applicable, Mandatory

PGPA Rule Reference	*Part of Report*	*Description*	*Requirement*
17AH(1)(c)	p. 32	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	p. 32	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	p. 31-32	Information required by other legislation.	Mandatory

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Abbreviations

AASB	Australian Accounting Standards Board
AGCNCO	Australian Government Competitive Neutrality Complaints Office
ANAO	Australian National Audit office
APS	Australian Public Service
CSS	Commonwealth Superannuation Scheme
ESD	Ecologically Sustainable Development
FBT	Fringe Benefit Taxes
FOI Act	*Freedom of Information Act 1982*
GAICD	Graduate of the Australian Institute of Company Directors'
NSW	New South Wales
OECD	Organisation for Economic Cooperation and Development
OID	Overcoming Indigenous Disadvantage
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PSS	Public Sector Superannuation
RDR	reduced disclosure requirements
ROGS	Report on Government Services
ROU	Right of Use
SES	Senior Executive Service
WHS	Work Health and Safety