



Australian Government
Productivity Commission

Melbourne Office

Woiwurrung Country
Level 8, Two Melbourne Quarter
697 Collins Street
Docklands VIC 3008
Locked Bag 2, Collins Street East
Melbourne VIC 8003
Telephone 03 9653 2100

Canberra Office

Telephone 02 6240 3200
www.pc.gov.au

6 February 2024

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

Dear Treasurer

Thank you providing the Government's Statement of Expectations for the Productivity Commission, the first in its 25-year history.

In response, I am pleased to provide to you the Productivity Commission's Statement of Intent.

On behalf of my fellow Commissioners, and the staff of the Commission, I can advise we look forward to delivering on this statement and stand ready to support the Government in responding to the important economic, social and environmental challenges facing Australia in the years ahead.

I have also provided a copy of this statement to the Secretary of the Treasury.

With kind regards,

A handwritten signature in blue ink that reads "D. Wood".

Danielle Wood
Chair

Productivity Commission's Statement of Intent

6 February 2024

This Statement of Intent outlines the response of the Productivity Commission (the Commission) to the Government's Statement of Expectations (SoE) provided to the Commission on 10 November 2023.

Our role

The Productivity Commission is the Australian Government's pre-eminent independent policy research and advisory body. The Commission operates under the Productivity Commission Act 1998 (the Act).

The Commission conducts public inquiries on major economic, social and environmental policy issues and in relation to different sectors of the economy. Inquiries are undertaken at the request of the Australian Government and the findings and recommendations are used to inform policy debate and government decision-making. The Commission also self-initiates research on topical policy issues.

The Commission produces the annual Report on Government Services on behalf of the Steering Committee for the Review of Government Service Provision and has an ongoing role in reporting on progress against the targets in the National Agreement on Closing the Gap. The Commission also advises on the competitive neutrality of Australian Government business activities and has responsibilities under a number of Acts including the Water Act 2007.

There are three features of the Commission's structure and operations that are critical to our unique contribution to policy: our independence, transparency and providing a community-wide perspective. We are pleased that the Statement of Expectations recognises the centrality of these features to the Commission's work and its ongoing effectiveness.

Also critical to the Commission's success is our capacity to provide rigorous and impactful research and advice. The Commission's impact is reflected in our capacity to inform the way people think about policy issues and produce recommendations that shape government decisions over time.

A sharpened focus on major and emerging trends

The Productivity Commission notes the Government's productivity agenda and other priorities as set out in the SoE.

We further note the identified major forces, trends and transitions that will impact the Australian economy over coming decades. Many of these have been important themes in our work and were identified as economy shaping forces in our 5-year productivity reviews.

Consistent with the general policy guidelines set out in the Act, the Commission will have regard to these matters in the performance of its functions.

In line with the SoE, we will complement our focus on economic progress with attention to the broader wellbeing of Australians.

Enhancing our skills base, data capabilities and analytical frameworks

The Commission's skills base and its capability to use data and apply appropriate analytical frameworks and techniques to answer complex policy questions are crucial to its ongoing success. We welcome the SoE's focus on these issues.

We will continue to modernise and expand the range of analytical frameworks, methodological approaches and types of knowledge and evidence considered in our work. We will also continue to strengthen our data analytics and modelling capabilities. Consistent with the SoE, this will include developing a data strategy. The strategy will identify priority data assets, additional modelling capabilities and analytical approaches - including in relation to qualitative data - and information management practices. To assist the use of more diverse data sources, including microdata, the Commission will seek the support of key Australian Government data providers to ensure timely, efficient access to relevant data.

The Commission will complement its policy insights and recommendations with consideration of, and where appropriate, advice on, policy implementation. The Commission will ensure that consultation practices and staff capability support this enhanced focus on implementation feasibility and risks. This may also involve providing expertise and support for agencies implementing recommendations from Commission reviews, where this would be helpful.

The Commission will make greater use of secondments and temporary transfers to help build knowledge and capability, increase workforce diversity, and support a greater focus on implementation.

The Commission will seek to build ongoing subject matter expertise in areas of importance to Australia's economic performance, environmental sustainability and community wellbeing. This will support the development of ongoing relationships with government departments and other key stakeholders. It will also support the capacity to deliver more timely reports on priority topics and to provide greater consideration of implementation issues.

Improving our communication and external engagement

The Commission currently undertakes broad engagement as part of its inquiry and review processes. Our processes provide for extensive public input and feedback through submissions, hearings, meetings, workshops and other consultative forums. In particular, we undertake wide reaching consultation after the release of draft reports to allow individuals and organisations to respond to our preliminary thinking.

In recent years, the Commission has expanded its use of digital consultation platforms, which have been effective in broadening our reach. We will retain and enhance the use of these platforms, while continuing to maintain a commitment to in-person consultation where this is needed, such as for those people experiencing vulnerability.

The Commission is committed to broadening its engagement with experts and those impacted by potential reforms.

When engaging with Aboriginal and Torres Strait Islander people the Commission will continue to act in accordance with the terms in the *National Agreement on Closing the Gap* and the principles of fairness and inclusivity, transparency and openness, ongoing engagement and reciprocity.

The Commission will take steps to identify and address any bias in our organisation and ensure all views are engaged with. The Commission notes the importance of allowing time for meaningful consultation and engagement, and to the extent possible, will ensure this is considered in the timeframes allowed for inquiries and studies.

The Commission will continue to focus on delivering in-depth, evidence-based analysis of complex issues to support decision-making. But we recognise the importance of communicating our work in a way that is accessible to broad and diverse audiences.

The Commission is investing resources to boost its communications capability. This includes producing shorter, more accessible reports, better website design, increased use of traditional and social media and using external speeches and events to communicate our thinking on policy issues.

Deepening engagement with governments

The Commission is committed to deepening its engagement with colleagues, agencies and departments across the Australian Government.

The Commission will regularly engage with Treasury and other relevant government agencies to understand key policy challenges. We will also engage in the ways outlined in the SoE including regular engagement with the Treasurer and Australian Public Service Boards and committees, including the Secretaries' Board. We will seek to be more active in disseminating the Commission's research and policy insights within government agencies.

The Commission will continue to provide the Secretary to the Treasury with a copy of all information, briefings, press releases and correspondence provided to other Ministers, and keep the Secretary appropriately informed of significant meetings with Ministers and Parliamentary bodies.

The Commission is committed to broadening its relationship with state and territory governments. We will continue to consult with these governments when undertaking research and inquiries that overlap with their jurisdictions. We will also seek to support knowledge exchange across state and territory governments and ensure meaningful engagement through forums such as the Council of Federal Financial Relations and the Joint Council on Closing the Gap.

We recognise that deepening relationships with governments will improve the relevance and impact of our work. However, we will always be mindful of our independence, and continue to formulate and publish findings and recommendations based on our independent analysis.

We welcome the Government's commitment to work with the Commission and Treasury to streamline the timing and process for the allocation of work to the Commission and the appointment of Associate Commissioners. More rapid and clear processes would significantly improve our capacity to manage our workflow and boost our effectiveness.

Strengthening our culture and governance arrangements

The skills of our Commissioners and staff, together with the work we are doing to enrich our workplace culture, will be integral to our capacity to deliver on the vision of a world-class institution as outlined in the SoE.

The Commission welcomes the Treasurer's intention to appoint Commissioners from an open and transparent application process with a new skills matrix. We support the intention to make use of Associate Commissioners who bring additional expertise for specific inquiries.

The Commission is committed to supporting a strong leadership culture across the organisation. Consistent with the SoE, the Commission will review the performance management supports for Commissioners. This will include the opportunity for regular feedback on the performance of the organisation and the contribution of Commissioners, within the context of the Commissioners' appointment by executive government. To support this, we are developing a Charter to provide additional clarity regarding the Commission's governance arrangements, including roles and responsibilities of Commissioners. This will confirm that Commissioners and Associate Commissioners are bound by the APS Code of Conduct and must support a strong leadership culture across the organisation.

In addition, the Commission is preparing to implement the SES Performance Framework which provides an overarching set of requirements to embed a culture of transparency and accountability for SES performance.

The Commission will review the skills matrix for staff as part of the Workforce Strategy (currently under development), and recruit for skills and expertise that allow it to provide high quality advice drawing on diverse frameworks.

We will continue work on implementing all the recommendations of the *Independent Review of Workplace Culture of the Productivity Commission*.

To build on the recommendations of the *Independent Review*, we are working to develop a set of Productivity Commission values to define how the organisation works together and with stakeholders to deliver the best outcomes for government and the Australian community.

The Commission commits to meeting its obligations under the *National Agreement on Closing the Gap*. The Commission will work to ensure that it is an organisation that is welcoming, culturally safe, and responsive to the needs of Aboriginal and Torres Strait Islander people. The Commission will work to challenge unconscious biases that result in decisions based on stereotypes.

The Commission will meet its legislative obligations under all relevant acts including the *Public Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013*.

The Commission will incorporate the statements of expectations and intent into future corporate plans and integrate performance measures and the reporting of outcomes into future corporate plans and annual reports.