



2019-20

ANNUAL REPORT

**Queensland Productivity Commission**

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# Foreword

The Queensland Productivity Commission is committed to delivering high quality economic and policy advice to government. The Commission recorded another successful year across a broad work program through our four main streams of activity: public inquiries into productivity, economic development and industry matters; advice and guidance to government departments on regulatory proposals; research into policy and regulation; and investigation of competitive neutrality complaints relating to state and local government business activities. The Commission has responded to the impact of COVID-19 pandemic by significantly refocusing and adapting its activities in the second half of the 2019–20 year.

The Commission aims to provide robust and independent policy advice that is evidence-based and well-researched. In approaching complex and challenging policy issues, the Commission adopts a community first perspective which is informed by high quality analysis and broad and effective consultation. It is through this comprehensive and transparent approach to community engagement that the Commission facilitates public confidence in its advice and the policy development process.

In the 2019–20 year, the Commission completed an inquiry into imprisonment and recidivism. Following extensive consultation with more than 600 stakeholders, the inquiry final report was submitted to government in August 2019. A review to assess the price impacts of the container refund scheme in Queensland was also completed with the release of a final report in January 2020. The Commission commenced an inquiry into the NDIS market in Queensland and released an issues paper in June to inform submissions. Consultation for this inquiry has presented a set of very different challenges due to COVID-19. The Commission is adopting innovative approaches to ensure stakeholders can participate fully in the inquiry process.

The Commission's Office of Best Practice Regulation provided advice on some 299 regulatory proposals, including on a range of regulatory measures introduced by the government in response to the COVID-19 pandemic. Regulatory training, which moved online in the second half of 2019–20, was provided to 446 policymakers and a new online portal was introduced to enhance oversight and streamline reporting of agency-assessed exclusions. In 2019–20, the Commission also supported the implementation of the government's new regulator performance framework which requires agencies whose regulatory activities affect small business to report annually on their performance.

The Commission has published the inaugural agency reports on its website and will undertake a full review and evaluation of the framework's effectiveness in 2021.

The Commission continues to build its research program and published three research papers in 2019–20, including the biennial update on Queensland's productivity performance. A key priority for the Commission has been to progress research that will help to inform economic policy and support productivity and economic growth as Queensland recovers from the COVID-19 pandemic. Work is well underway on an additional three papers, including research into better regulation and building economic resilience in Queensland.

The Commission implemented a number of initiatives during the year to further drive internal efficiencies including implementation of a new staff capability and performance framework and a review of key contracts to ensure ongoing value for money. Work also commenced on the development of a new communications strategy to support the Commission's external engagement and outreach activities. In March the Commission established a Business Continuity Response team to lead the management of the impact of COVID-19 pandemic on business operations and staff wellbeing. The Commission leveraged its existing ICT systems and implemented some important operational changes to consultation to transition to an effective remote working model and maintain business continuity.

During the year, there were some significant changes in the membership of the Commission's Board with the retirement of my predecessor, inaugural Principal Commissioner, Mr Kim Wood, and the completion of Professor Bronwyn Fredericks' second term as Commissioner. I would like to take this opportunity to thank Kim and Bronwyn for their significant contribution to the Commission and for their expert leadership of multiple inquiries during their tenure.

I would also like to express my sincere appreciation to the Commission's staff for their hard work, unwavering dedication and resilience during a most challenging year and for their warm welcome following my commencement in the role in March.

With the vision of improving the wellbeing of the Queensland community, we look forward to continuing to deliver for Queenslanders in the 2020–21 year.

**Dr Karen Hooper**  
PRINCIPAL COMMISSIONER

# The Queensland Productivity Commission

Established in 2015, the Queensland Productivity Commission (the Commission) is an independent statutory body, operating under the Queensland Productivity Commission Act 2015 (QPC Act). The Commission provides advice on complex economic and regulatory issues and proposes policy reforms that aim to drive economic growth, lift productivity and improve living standards for Queenslanders.

The Commission's vision is to improve the wellbeing of the Queensland community through evidence-based policy and regulation.

The Commission does this by providing independent, well-researched advice.

## Our strategic objectives

### Independence

our findings and recommendations are based on our own analysis and judgment

### High quality advice

we provide high quality advice based on robust evidence-based analysis that is timely and useful to stakeholders

### Effective engagement

we engage effectively and openly with key stakeholders and interested parties

### Capable and committed staff

we attract and retain capable and committed people to deliver high quality work

## The Queensland Productivity Commission's functions

- Facilitating and promoting productivity in Queensland, including promoting public understanding of matters relating to productivity, economic development and industry.
- Undertaking inquiries and providing advice on matters relating to productivity, economic development and industry in Queensland as directed by the Minister. Inquiries are conducted via a public process involving in-depth stakeholder consultation to ensure all views are taken into account and properly tested.
- Providing independent advice or research to the Minister when requested on matters without the need for a public inquiry process.
- Initiating research and analysis of matters relating to productivity, economic development and industry in Queensland.
- Performing the State's competitive neutrality function by advising government agencies about complying with the principle of competitive neutrality, and receiving, investigating and reporting on complaints about the alleged failures of government agencies complying with the principle of competitive neutrality.
- Performing the State's regulatory review functions, under the Office of Best Practice Regulation, including oversight of the Queensland Government Regulator Performance Framework.

The Commission contributes to the Queensland Government's Our Future State: Advancing Queensland's Priorities through our independent advice to:

- drive economic growth, lift productivity and improve living standards
- improve the efficiency and effectiveness of government services and operations
- assess all potential costs and benefits of policies, including impacts on the disadvantaged and vulnerable, and on the environment.

Our responsible Minister is the Honourable Cameron Dick MP, Treasurer, Minister for Infrastructure and Planning.

# Our Organisation

## The Board

The QPC Act provides for the Board to be made up of the Principal Commissioner and other Commissioners appointed by the Governor in Council. A maximum of three Commissioners may be appointed. Board members are appointed under the QPC Act for a term of not more than three years and may be reappointed.

### **Karen Hooper, Principal Commissioner**

Karen joined the Commission as Principal Commissioner in March 2020. She has extensive policy and leadership experience gained from senior management roles at the Reserve Bank of Australia (RBA) and The University of Queensland. Karen is an economist with a Ph.D in economics from The University of Queensland and a graduate of the Australian Institute of Company Directors. She has been heavily involved in industry and community engagement and has considerable experience in applying insights and intelligence to support economic analysis and policy development.

Karen has extensive networks in Queensland developed through a variety of roles. For 10 years, Karen was the RBA's Senior Representative in Queensland and led the Bank's team of professional staff based in Brisbane. Karen was responsible for the Bank's business liaison program in Queensland and specialised in industry and regional analysis with a particular interest in the tourism, education and resource sectors. At the RBA, she gained considerable experience in advising on the economic impact of external shocks through her responsibility for monitoring natural disasters in Queensland and

supply-side disruptions and regulatory changes affecting Australia's key export sectors. Early in her career, Karen was Principal Economist at Queensland Treasury, where she worked on a diverse range of economic policy issues.

Karen is a strong advocate for the important role economists can play in helping to deliver improved community outcomes through evidence-based policy advice and community engagement. Karen worked for 10 years with the Queensland Economics Teachers' Association to deliver seminars to high school economics students to promote an understanding of monetary policy and economic literacy. Karen was also a member of the Queensland University of Technology School of Economics and Finance External Advisory Committee and has participated in The University of Queensland Faculty of Business, Economics and Law Mentoring program. Karen is also past President of The University of Queensland School of Economics Alumni and formerly an Executive Director of the Economic Society of Australia (Qld Branch). Karen is currently a CEDA Trustee, a member of Women on Boards and Secretary of the Queensland Branch of the Women in Economics Network.

## Previous Commissioners

### **Kim Wood**

Our inaugural Principal Commissioner from 1 October 2015, retired on 29 February 2020. During his appointment, Mr Wood presided over the Commission's full work program, including the first five inquiries, three reviews and six research paper publications.

### **Professor Bronwyn Fredericks**

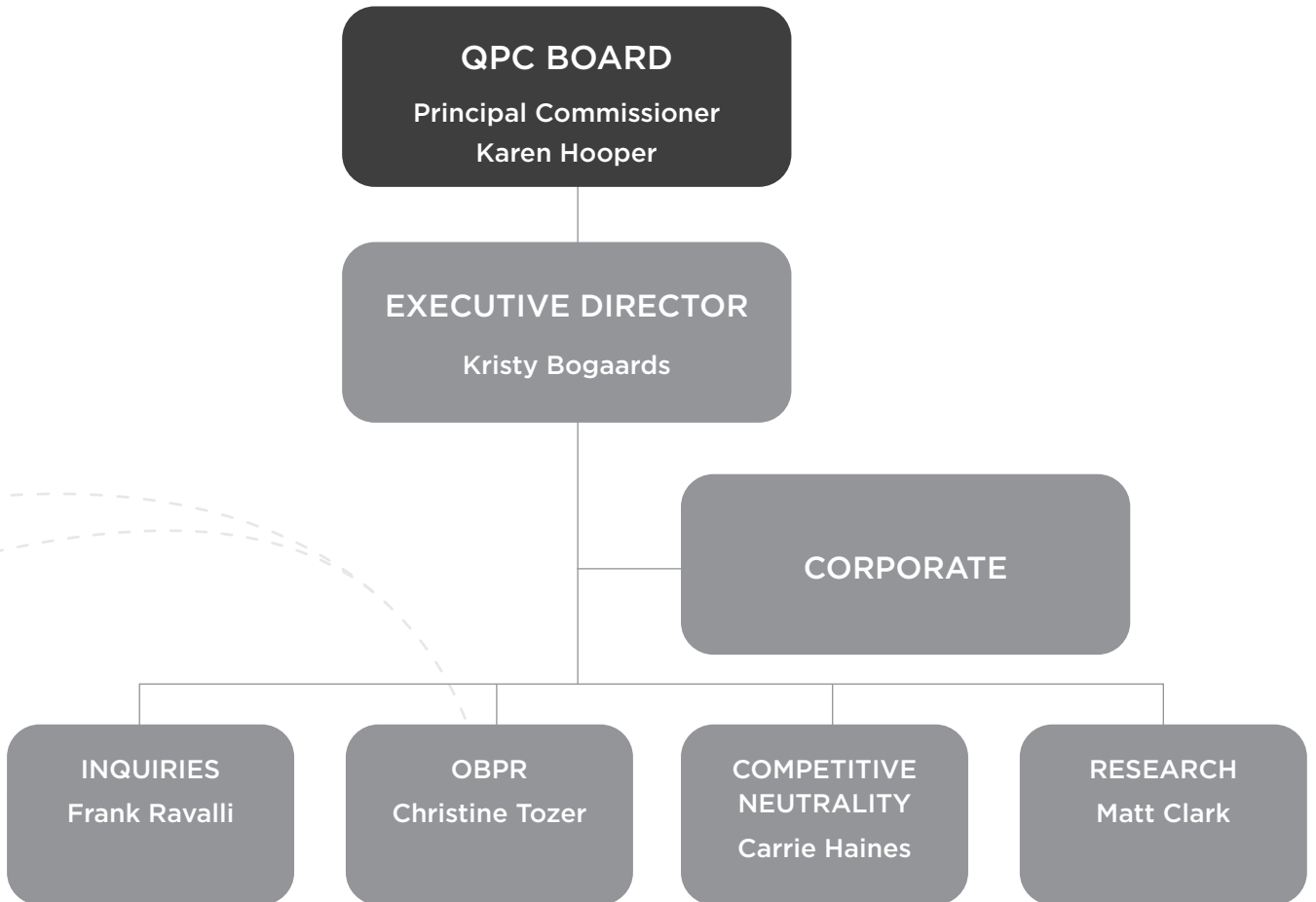
Professor Fredericks was appointed as a part-time Commissioner from December 2016 to March 2018. Professor Fredericks lead the Inquiry into service delivery in remote and discrete Indigenous communities. Between January 2019 and October 2019, she was again appointed as a Commissioner to contribute to the Inquiry into imprisonment and recidivism in Queensland.

## Our structure

The Commission's structure and senior staff are shown in Figure 1.1.

As at 30 June 2020, the Commission had 25 full and part-time employees (22.4 full time equivalent (FTE)) including one Principal Commissioner. This compares to 21.4 FTE on 30 June 2019.

**Figure 1.1 Organisational chart, 30 June 2020**



## Overview of key activities

The Commission's activities focus on its four main legislated functions:

- Undertake inquiries on complex policy and regulatory issues to provide objective advice on matters vital to the productivity of the Queensland economy.
- Undertake research on policy and regulatory matters beyond the Commission's formal inquiry function.
- Assist agencies to undertake quality assessments of regulatory proposals to support good policy development, consistent with best practice principles.
- Undertake the State's competitive neutrality complaints function and advise on compliance with competitive neutrality principles.

## Highlights in 2019–20

### Inquiries and commissioned reviews

- Completed inquiry into imprisonment and recidivism
- Completed a price monitoring review of the container refund scheme
- Commenced inquiry into the National Disability Insurance Scheme market in Queensland

### Regulatory review

- Provided advice across 299 regulatory proposals
- Trained more than 446 policymakers on best practice regulation

### Research

Completed research papers on

- Improving measures of school education output and productivity in Queensland
- Queensland Productivity Update 2018-19
- Measuring progress in Queensland's remote Indigenous communities

### Competitive neutrality

- Provided advice to businesses and state and local governments
- Finalised an investigation into the provision of live music events by City of Gold Coast Council

### Productivity Lecture

- Held Productivity Lecture 'The next wave of productivity reform' presented by Dr Stephen King

## Public inquiries and reviews

The Commission conducts public inquiries and reviews based on terms of reference provided by the Treasurer.

**A public inquiry is a robust, evidence-based process.**

**Public consultation plays a key role in the Commission's inquiries.**

**The Commission's advice, and the information on which it is based, is open to public scrutiny.**

The Commission's inquiry process provides for all stakeholders to submit their evidence and views, and for the Commission's analysis and recommendations to be publicly considered and tested (Figure 1.2).

This assists the Commission to identify and explore issues to inform and strengthen its advice. It also encourages 'buy in' from stakeholders for the Commission's approach and processes and, ultimately, a willingness to actively support its findings and recommendations.

**Figure 1.2 Public inquiry process**



**Open consultation is particularly important, given the wide range of stakeholders who are likely to be interested in the Commission's work.**

The public inquiry model includes multiple opportunities for participants and experts to put forward their views and experiences and comment on the Commission's approach, findings and recommendations. These include:

- providing written submissions through the website
- participating in roundtables, community meetings and public hearings
- presenting views during industry and community visits.

Stakeholders can also stay in touch with the progress of an inquiry through the website and regular email updates.



Box 1.1 outlines the Commission's consultation undertaken for inquiries in 2019-20.

## **BOX 1.1**

### **STAKEHOLDER CONSULTATION - PUBLIC INQUIRIES**

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#### **Imprisonment and recidivism inquiry**

The Commission's final report for the imprisonment and recidivism inquiry was informed by engagement with a wide range of stakeholders through a range of formal and informal consultations. Commissioners and staff:

- conducted eight public roundtables across Queensland
- conducted public hearings in Cairns, Townsville and Brisbane
- visited four remote Aboriginal and Torres Strait Islander communities
- witnessed court operations, made site visits to eight correctional facilities and observed several facilities providing housing services to ex-prisoners
- undertook face-to-face meetings with academics, community leaders, service providers, courts, police, corrections and other government agencies.

The Commission consulted with more than 600 stakeholders and received 89 written submissions to this inquiry.

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#### **Inquiry into the NDIS market in Queensland**

Consultation for the inquiry into the NDIS market in Queensland has presented a set of very different challenges due to COVID-19. The Commission is adopting innovative approaches to facilitate participation in the inquiry by a diverse range of stakeholders.

In these conditions, a robust submission process has become even more critical. To maximise the accessibility of the submission process to stakeholders, the Commission has:

- prepared three issues papers tailored to the needs of the diverse stakeholder base of the inquiry
- adopted a range of communication media, including standard, accessible and easy read documentation and a short video
- provided for stakeholders to lodge web-based and video submissions, as well as the standard written submissions.

Recognising that physical meetings of large groups may not be possible in a COVID-19 environment, the Commission used videoconferencing as its standard mode of communication, and held more small group discussions, rather than larger public forums.

These innovations were shown to have a positive impact on the inquiry process, by allowing the Commission to reach a larger audience and make participation in the inquiry easier for a wider range of stakeholders.

As COVID-19 restrictions are eased, the Commission will reemploy more direct forms of engagement to complement the current suite of the newly-adopted communication approaches.

## Inquiries

### Inquiry into imprisonment and recidivism

Commenced	10 September 2018
Issues paper	12 September 2018
Draft report	1 February 2019
Final report completed	1 August 2019
Final report published	31 January 2020

In September 2018, the Queensland Government asked the Commission to examine how government resources and policies can be best used to reduce imprisonment and recidivism and improve outcomes for the community over the medium to longer term.

The final report found that imprisonment rates are the highest they have been since Federation and have been growing at an increasing rate. Today, there are 80 per cent more Aboriginal and Torres Strait Islander people in prison than there were 10 years ago. Prisons are more than 30 per cent above their original design capacity, and the judiciary and probation and parole workers have the highest caseloads in Australia.

It is not clear that the increasing use of prison has delivered net benefits to the Queensland community, with each additional prisoner costing around \$111,000 per year, but little evidence it has been effective in reducing crime.

The report found around 50 per cent of prisoners had a prior hospitalisation for a mental health issue and/or were subject to a child protection order—for female Indigenous prisoners, this figure climbs to 75 per cent. It also found that most prison sentences were for non-violent offences. Around 30 per cent of prisoners are chronic but relatively low harm offenders.

The report found that, for many prisoners, imprisonment was not dealing with their offending behaviour, with around half of released prisoners back in prison or under community supervision within two years. Without action to reduce growth, the government will need to build up to 4,200 additional cells by 2025. This will require investments of around \$3.6 billion.

The final report identified five priority areas for reform to improve outcomes for the community:

- More diversionary and prevention activities that address offending behaviours and avoid unnecessary and expensive interactions with the criminal justice system.
- Reductions in the scope of crime, including through reforms to illicit drug policy that move away from a reliance on criminal law to reduce harms.
- More flexible sentencing options that allow offending behaviours to be addressed and provide opportunities for victim restitution and restoration.
- More effective rehabilitation and reintegration by increasing accountability for outcomes, building the right infrastructure, and better equipping prisoners to reintegrate back into the community.
- Addressing entrenched social and economic disadvantage in Indigenous communities by investing in community-led interventions, including the transfer of decision-making and accountability to discrete Indigenous communities.

The report recommended reforms be underpinned by a better decision-making architecture that provides clear guidance to agencies on managing risk and enables evidence-based policy-making.

The final report was published on 31 January 2020.

## Inquiry into the National Disability Insurance Scheme (NDIS) market in Queensland

Commenced	30 April 2020
Issues paper published	22 June 2020
Draft report due	30 November 2020
Final report due	30 April 2021
Final report publication	30 October 2021

In April 2020, the Queensland Government requested the Commission to undertake an inquiry into National Disability Insurance Scheme (NDIS) transition and market development in Queensland.

The inquiry involves investigating and reporting on market conditions and prospects to determine whether governance, regulation and policy settings support the operation of the NDIS market and promote participant outcomes.

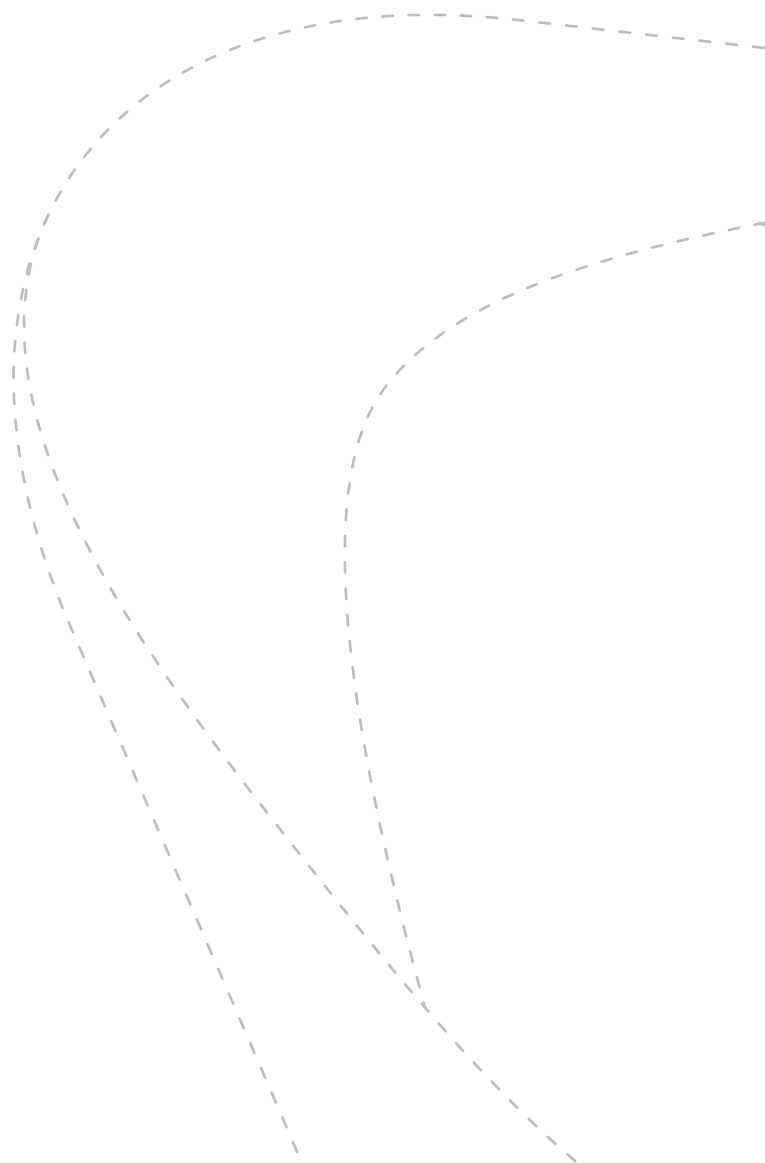
The inquiry is examining the transition to the NDIS and market development in Queensland, including:

- the efficiency and effectiveness of the NDIS market
- structural, regulatory or other impediments to the effective operation of the NDIS market
- factors affecting specific markets or market segments, including in rural and remote areas
- options for improved policies and measures to ensure the NDIS market meets the needs of participants now and in the future.

During May and June 2020, the Commission met with government and peak group stakeholders.

Given the COVID-19 environment, the Commission adapted its consultation model to ensure all stakeholders were able to engage safely in the inquiry process (see Box 1.1).

An issues paper was released on 22 June 2020.



## Reviews

### Price monitoring review of the Container Refund Scheme

Commenced	17 February 2019
Issues paper	1 May 2019
Interim report completed	1 August 2019
Final report published	31 January 2020

On 17 February 2019, the Queensland Government directed the Commission to monitor and report on the price impacts of the Container Refund Scheme over its first 12 months of operation.

The Commission was asked to monitor and report on:

- the effect of the scheme on prices of beverages sold in Queensland in an eligible container
- the effect of the scheme on competition for beverages and the performance and conduct of beverage manufacturers and retailers
- any other specific market impacts on consumers that arise from the commencement of the scheme.

Over the course of the review, the Commission met with a range of stakeholders, including the scheme coordinator, interstate regulators, beverage manufacturers and retailers, and government agencies.

The final report was published on 31 January 2020. Key findings include that:

- estimated retail beverage price increases are consistent with what would be expected given the costs of the scheme
- consumers have changed their consumption behaviour as a result of the scheme
- there was no evidence of poor performance or poor conduct of beverage manufacturers or retailers as a result of the scheme.

The Commission made six recommendations addressing:

- the transparency of Container Exchange (COEX) with respect to its costs, strategies and procedures, including reporting on efficiency indicators and complaints
- the way to assess proposals to harmonise schemes across Australia and expand container eligibility
- the accessibility of container refund points, including publishing the reasons for changes to their locations and types.

## Research

The Commission initiates its own research on policy and regulatory matters, to promote public discussion and an understanding of policy issues in Queensland. During the year, the Commission published three research papers.

### Improving measures of school education output and productivity in Queensland

In Queensland, governments spend over \$9 billion on school education each year, but, like other non-market sectors, little is known on its measured productivity. This is because it is difficult to measure output volumes in a way that allows for changes in the quality of education goods and services.

The paper provides a quality adjusted measure of output and productivity using data from National Assessment Program—Literacy and Numeracy (NAPLAN) testing, and senior secondary certificate completions.

The research found that:

- Once adjusted for quality, output grew by 23.24 per cent in Queensland from 2009 to 2016. This is compared to raw enrolment growth of only 12.02 per cent.
- After adjustment, productivity growth in Queensland's school system averaged 0.138 per cent per annum (compared to -0.223 per cent without the adjustment). The Queensland estimate compares favourably with the Australian adjusted average of -0.963 per cent per annum.

The results of this research show that adjusting output for quality is important when analysing productivity in non-market sectors. It is hoped that this paper can encourage further discussion on this topic and be extended to other non-market industries such as health.

### Queensland Productivity Update 2018-19

The 2018-19 productivity update is the third in a series providing information on productivity trends in Queensland. The series forms part of the Commission's legislated function to promote public understanding of matters relating to productivity.

The research showed that, while Queensland fared better than the rest of Australia on many measures,

productivity growth has slowed significantly in recent years. This is particularly evident outside of the mining sector, where both capital deepening and multifactor productivity have been slowing for several years.

In each productivity update, the Commission includes a short feature article on a topical issue. This year's article examined the relationship between growth in real wages and growth in labour productivity. Despite recent commentary arguing that this relationship has broken down, there is no compelling evidence demonstrating that this has occurred in Queensland.

Finally, the update expanded on previous releases by presenting Commission-developed estimates for multifactor productivity at the industry level.

### Measuring progress in Queensland's remote Aboriginal and Torres Strait islander communities

This paper sets out an approach to measuring and communicating progress in Queensland's discrete Indigenous communities.

The Commission noted in its Inquiry into service delivery in remote and discrete Indigenous communities, that fundamental structural and economic changes are required to improve outcomes. Key reforms, such as community level decision-making and accountability through agreements, require support through independent monitoring and reporting on progress. More broadly, communities, government and service providers are more likely to achieve progress when there is a shared understanding of outcomes.

The research aims to address this issue by developing a single, easy to interpret, measure of progress for each of the discrete communities. It applies public data to a framework developed by the Australian Bureau of Statistics which considers Indigenous wellbeing across a range of social and economic indicators. The experimental results provide a single measure that can be broken down into the individual components of wellbeing.

The research found that measured wellbeing across all discrete Indigenous communities improved by 8.7 per cent from 2006 to 2016. However there remains much variation between communities and significant potential for improving the measure including through access to government agency data and community involvement.

## Other research which commenced during the year

### Waste management in Queensland and principles for policy development

Governments are increasingly looking to recycling to manage waste and many have committed to 'zero-waste' and 'circular economy' objectives. This research will examine recycling markets and waste management policies from an economic perspective. It aims to develop a framework for decision-making in waste management based on the principles of effective policy development.

### Building economic resilience in Queensland

State and national economies have been heavily affected over the past year by a series of external shocks from drought, bushfires and now the COVID-19 health pandemic. These shocks will have significant long-term consequences for the

Queensland economy and have come during a time of low income and productivity growth.

This research paper will discuss what economic resilience means and why it matters, the performance of the Queensland economy pre-pandemic and the initial effects of the pandemic response. Broad principles for building resilience and productivity will be identified along with the key areas of policy which can be harnessed to improve resilience.

### Improving regulation in Queensland

This research paper will examine the impact of regulation in Queensland and options to improve regulatory design, and how regulation is administered, to support future growth.

## The Commission—engaging with the community

Building strong, meaningful relationships with the community, industry and government stakeholders is a critical element of the Commission's business. Accordingly, during 2019-20 the Commission continued to advance its stakeholder strategy in which it commits to:

- listen, involve, inform and collaborate
- be flexible in its use of communication channels
- be apolitical and independent in all mediums of engagement
- be open, transparent and respectful.

Beyond the Commission's formal consultation process, examples of this strategy action include:

### Productivity Lecture

Dr Stephen King delivered the lecture 'Human services: The next wave of productivity reform'.

In the lecture he argued that human services:

- represent significant economic activity, matter to many people, provide critical social underpinnings, and have a high level of government involvement

- are ripe for reform
- face four broad problems—there are unclear objectives, poor design, failure of implementation and failure to measure
- require three approaches for their reform—separation of functions, appropriate timing, and a focus on delivering better outcomes for consumers of the services.

**Productivity Commissions**—Quarterly meetings were held with the Australian, New Zealand, New South Wales and South Australian Productivity Commissions to discuss productivity issues and reform opportunities.

**Presentations to business, university and policymakers**—on evidence-based public policy, productivity of the school education sector, improving government service delivery, outcomes for Indigenous Australians, and imprisonment, mental health and drug policy.

**Commissioner engagements**—In 2019-20, the Principal Commissioner established a regular series of meetings with industry and community peak bodies, heads of government agencies and other interested stakeholders to discuss productivity related policy and regulatory issues.

## Regulatory review

Regulation is often necessary to achieve economic, social and environmental objectives. It includes any laws or other government-endorsed 'rules' where there is an expectation of compliance. However, poor regulation can stifle business and jobs, have other adverse social or environmental impacts, and might not even address the problem it was intended to solve.

Regulatory review is intended to improve the quality of regulation through a robust, transparent and evidence-based process to identify the option that effectively addresses the policy problem while benefiting society most.

Queensland's regulatory review framework is set out in the Queensland Government Guide to Better Regulation (the guidelines). The regulatory impact analysis (RIA) framework provides a systematic approach to investigate and analyse the nature of a policy problem, consider whether there is a case for government action, identify feasible options to address the problem, and analyse the pros and cons of each option. The framework also considers how effectively a regulation is implemented.

Informed by consultation through all stages, the RIA framework is used to consider the likely impacts of regulation on businesses and the community, and to provide an objective and transparent basis for regulatory decision-making.

### OBPR Annual Reporting

Between 1 July 2019 and 30 June 2020, the OBPR reviewed and provided advice on 299 proposed regulatory amendments. Reporting below details the OBPR's review of regulatory proposals of a more significant nature, rather than all proposals reviewed.

#### Regulatory impact statements

A consultation regulatory impact statement (RIS) informs stakeholders of options to address a problem and allows them to comment and provide new evidence in support of various policy options. A decision RIS is then developed to provide government decision makers with evidence on which to base their policy decisions and inform stakeholders of the reasons why a particular option is preferred. A post-implementation review (PIR) is similar in scale and scope to a RIS but is prepared after a regulation is implemented. The focus of a PIR is on the actual impacts rather than the expected impacts of a regulatory change.

The Commission's Office of Best Practice Regulation (OBPR) supports agencies to apply effective and rigorous RIA in accordance with the guidelines. The level of analysis required is proportionate to the significance of likely impacts. The OBPR provides advice to agencies on:

- whether regulatory proposals are excluded from further analysis, as the impacts are unlikely to be significant
- whether a regulatory proposal is likely to result in significant adverse impacts and requires further analysis through a preliminary impact assessment (PIA) or a regulatory impact statement (RIS)
- developing best practice RISs, and the adequacy of Consultation and Decision RISs
- the regulator performance framework.

**Regulatory Impact Analysis helps guide its users to analyse the impacts of a range of feasible options to address a policy problem.**

**This analysis provides evidence to decision-makers that any recommended regulation delivers the greatest net benefit to the Queensland community.**

The OBPR reviews RISs and PIRs and provides formal advice on their adequacy to inform consultation and decision-making.

In 2019–2020, the OBPR formally assessed 17 RISs:

- Proposed levy structure to fund the Office of Groundwater Impact Assessment mining-related functions (Decision RIS)
- Investigation into the proposed Christmas Eve part-day public holiday (Decision RIS)
- Cattle pregnancy testing (Decision RIS)
- Proposed changes to QLeave levies (Decision RIS)
- Single-use plastic items (Consultation RIS)
- Review of the *Residential Tenancies and Rooming Accommodation Act 2008* (Consultation RIS)

- Review of the *Residential Tenancies and Rooming Accommodation Act 2008* (Decision RIS)
- Review of gas works and devices regulatory fees (Consultation RIS)
- Resource Fee Review (Consultation RIS)
- Regulating re-entry to the National Injury Insurance Scheme Queensland after an acceptance of treatment, care and support damages (Consultation RIS)
- Mechanical Services Regulation (Decision RIS)
- Reviewing the framework for the management of protected wildlife (animals) in Queensland under the *Nature Conservation Act 1992* (Decision RIS)
- Amendment of industrial cannabis legislation (Decision RIS)
- Chapter 2A of the *Public Health Act 2005* – Legionella / Water Management Plans (Consultation PIR)
- Portable Long Service Leave Scheme for the Social and Community Services Sector (Decision RIS)
- Proposed Regulatory Fees and Licensing Framework for Pharmacy Ownership in Queensland (Consultation RIS)
- Chapter 2A of the *Public Health Act 2005* – Legionella / Water Management Plans (Decision PIR)

The OBPR issued 15 letters of adequacy. Two RISs did not meet the adequacy criteria.

### Exemptions

The guidelines provide for exemptions in exceptional circumstances including the need to urgently implement government policy priorities or situations where public consultation on a proposal would not be appropriate and may compromise the public interest. Cabinet may grant an exemption from the RIA process on the advice of the responsible Minister. In doing so, Cabinet may place conditions on the exemption, such as a requirement to complete a Post-Implementation Review (PIR).

In 2019-20, the Queensland Government exempted 41 regulatory proposals from the RIA process (based on data provided by government departments to Queensland Treasury). Some regulations introduced in response to COVID-19 (Box 1.2) were granted exemptions.

#### BOX 1.2

##### COVID-19 AMENDMENTS

A public health emergency was declared on 29 January 2020 due to the COVID-19 pandemic. The Queensland Government introduced a range of regulatory measures including:

- direct responses to prescribe COVID-19 as a notifiable condition and reduce the spread of COVID-19
- economic support measures such as direct financial support, temporary waiving or reduction of taxes, fees and charges and temporary expansion of licence conditions (for example, on takeaway liquor sales).

On 22 April 2020, the *COVID-19 Emergency Response Act 2020* (Emergency Response Act) and extraordinary regulations and statutory instruments made under that Act modified numerous Queensland laws related to reducing physical contact between persons; statutory timeframes; proceedings of courts/tribunals and authorisation to take actions or do things electronically. The modifications expire 31 December 2020.

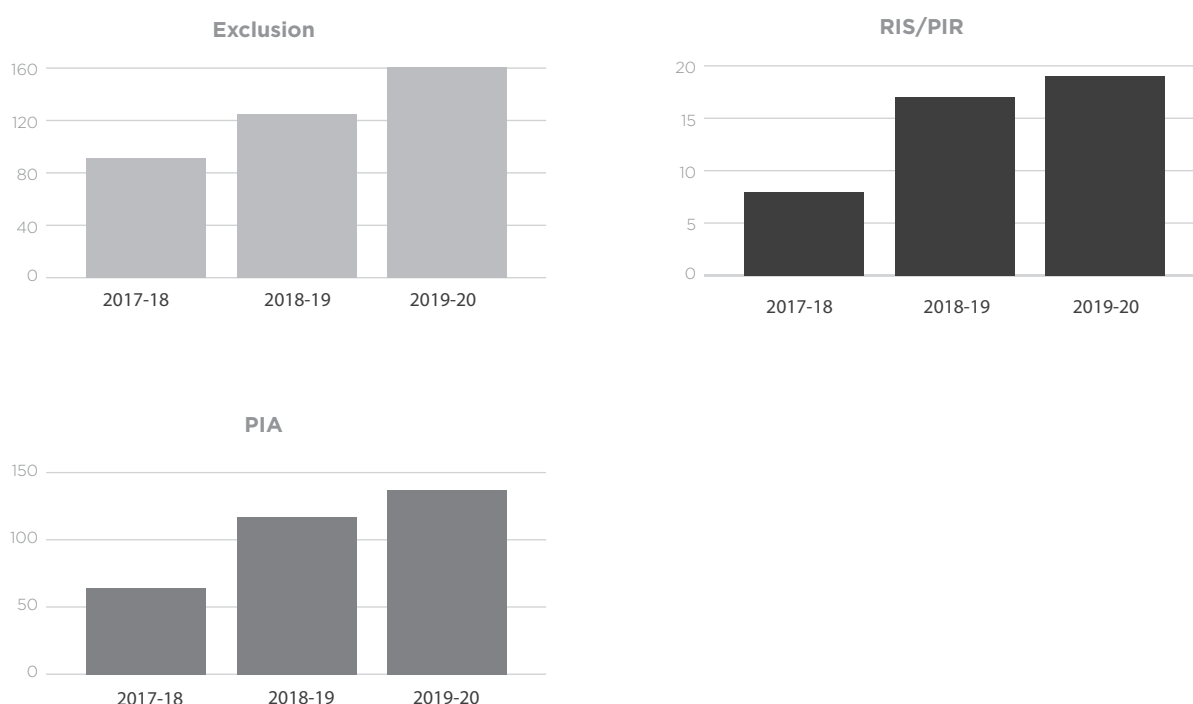
The Justice and Other Legislation (COVID-19 Emergency Response) Amendment Bill 2020 provides for further amendments to over 20 different Acts, to address matters that do not fall under the Emergency Response Act's modification framework.

### Comparison to prior years

A continued upward trend in the volume of all types of regulatory impact assessments has been observed year-on-year. Resources of the OBPR are increasingly directed to more complex regulatory proposals. In particular, the number of regulatory impact statements and post-implementation reviews being completed by departments has more than doubled since 2017-18. (see Figure 1.3).



**Figure 1.3 Year-on-year count of regulatory proposals**



## Building agencies' capability

### Training

In 2019–20 the OBPR provided nine training sessions, open to all Queensland Government agencies and attended by 361 policy makers. The training focused on best practice regulatory principles and how regulatory impact analysis (RIA) is implemented in Queensland.

In response to COVID-19 social distancing and travel restrictions, these sessions moved to an online webinar format from April with the last three sessions streamed to government policy officers.

Targeted RIS workshops were delivered to three department project teams to support their development of regulatory impact statements. The OBPR has also recently developed introductory cost-benefit analysis training for delivery as workshops for agency teams.

### Agency-assessed exclusions portal

In limited circumstances, agencies may self-exclude a regulatory proposal from regulatory impact analysis—for example, regulatory proposals that make consequential amendments, impose taxation, or are for the internal management of the public sector. Agencies are required to keep a register of all agency-assessed exclusions so that the OBPR can periodically review and report to government on the performance of the agency assessment model.

The OBPR has developed an online portal for the recording and oversight of agency-assessed exclusions. The portal is a shared resource where agencies can house their register—this will enable the OBPR to provide more timely oversight and support to agencies in their analysis and application of exclusions to low-impact regulatory proposals. All agencies have subscribed to the portal.

The OBPR has provided training on the new platform and continues to assist agencies in their correct application of Queensland's regulatory review framework under the guidelines.

## Regulator performance framework

In May 2019, the Queensland Government requested that the Commission support the implementation of the regulator performance framework (the RPF). Under the RPF, Queensland Government regulators whose regulatory activities impact business, particularly small business, are required to publicly report annually on their regulatory performance against five model practices:

- ensure regulatory activity is proportionate to risk and minimises unnecessary burden
- consult and engage meaningfully with stakeholders
- provide appropriate information and support to assist compliance
- commit to continuous improvement
- be transparent and accountable in actions.

The OBPR is the key point of contact for regulators seeking clarification of the requirements under the framework, and for external stakeholder inquiries or issues raised in relation to the regulator performance reports. Links to the regulator performance reports are collectively published on the Commission's website each year.

In 2018-19, 20 agencies were included in the framework's reporting scope—their inaugural reports are published on the Commission's website.

The OBPR reviewed the reports against requirements of the regulator performance framework, provided guidance to agencies and conducted a webinar for 137 regulator and policy staff. The webinar covered: the principles embedded in the framework, applying a risk-based approach to regulation, aligning incentives of regulators with the regulated industry and designing effective compliance strategies.

The OBPR will undertake a review and evaluation of the framework's effectiveness, in consultation with Queensland Treasury, in 2021.

## External engagement

The OBPR engages externally to listen, involve, inform and collaborate. Engagement activities in 2019-20 included:

- convening a forum of Australian and New Zealand better regulation units to discuss better regulation and the impact of COVID-19
- delivering best practice regulatory review training to over 360 policy officers
- providing one-on-one feedback sessions on the regulator performance framework to 20 regulators
- delivering webinar training for 137 government regulator and policy staff on the regulator performance framework in Queensland
- delivering bespoke training and guidance to agency project teams on developing best practice regulatory impact statements.

## Regulatory advice

On 26 February 2020, the Queensland Government directed the Commission to review and report on the adequacy of Southern Downs Regional Council's application to 'opt in' to the provisions in the Queensland Development Code part 4.2 (Rainwater tanks and other supplementary water supply systems); 4.3 (Supplementary water sources – commercial buildings) and the cost-benefit analysis supporting its application.

The final report was provided to the Queensland Government on 1 April 2020.

## Competitive neutrality

In Queensland, the competitive neutrality principle is applied to all significant business activities. This includes all government owned corporations (GOCs), government agencies and local governments carrying out significant business activities or activities prescribed under a regulation.

**Competitive neutrality requires that a public sector business, or agency, should not have a competitive advantage (or disadvantage) over private sector operators solely due to its government ownership.**

The Commission has an advisory role. This means it provides independent advice to State or local governments about how to comply with competitive neutrality principles. Any action taken is ultimately a matter for that government.

The Commission is also responsible for the Queensland Government's competitive neutrality complaints mechanism. The Commission receives, investigates and provides recommendations on complaints about the alleged failures of government complying with the principle of competitive neutrality. The Commission follows the relevant legislation and government policies when it manages complaints.

In undertaking its competitive neutrality complaints function, the Commission is guided by the following: the *Queensland Productivity Commission Act 2015*, the *Local Government Act 2009* and the *Local Government Regulation 2012*.

A competitive neutrality investigation was completed responding to a public complaint regarding the City of Gold Coast Council's provision of live music events.

There were no outstanding competitive neutrality complaints at the end of 2019–20.

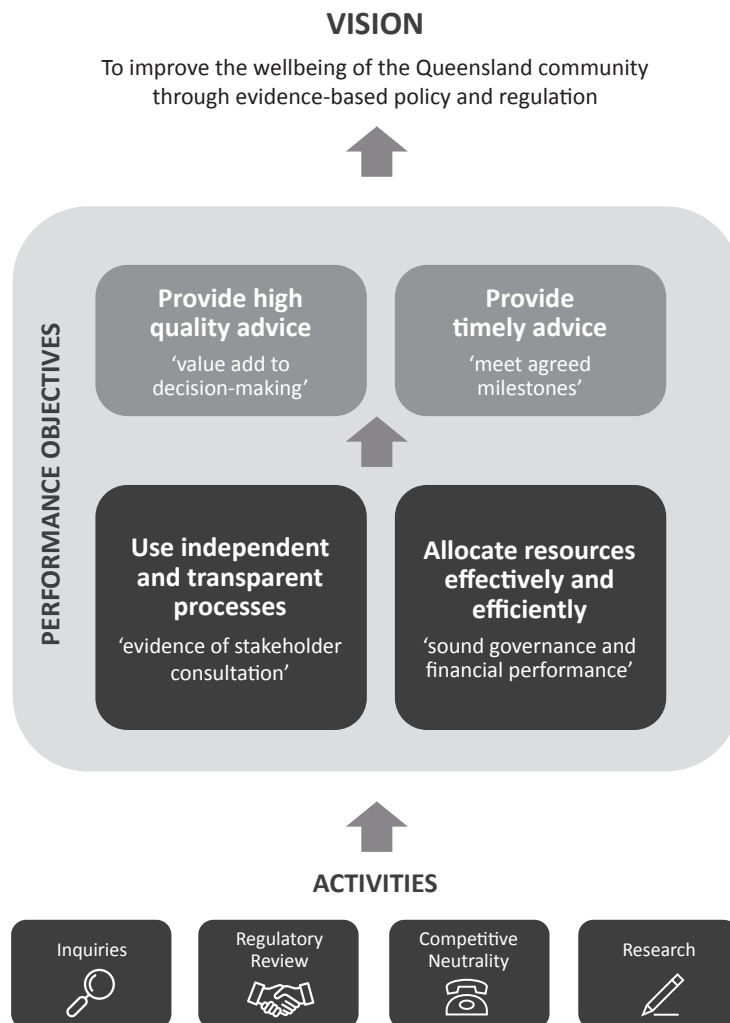


## Performance statement

The Commission's vision is to improve the wellbeing of the Queensland community through evidence-based policy and regulation. The Commission aims to achieve this vision through its four main activities—inquiries, regulatory review, competitive neutrality and research.

In undertaking these activities, the Commission seeks to achieve four key performance objectives—provide high quality advice, provide timely advice, use independent and transparent processes, and allocate resources efficiently and effectively. The success of the last two objectives contributes to the achievement of the first two. Delivering credible, high-quality advice based on robust analysis, which is timely and useful, adds value to the policy development process and realises the Commission's vision.

**Figure 1.4 Performance Framework**



## Performance measures

Assessing the Commission's performance is complicated by the nature of the Commission's work.

First, much of the Commission's work is externally initiated. Public inquiries are undertaken by the Commission at the direction of the Queensland Government, advice on regulatory proposals is usually at the request of government agencies, and the Commission's competitive neutrality investigations are normally initiated by an external complainant.

Second, as an advisory body, performance primarily relies on the quality of the Commission's advice, which is difficult to accurately measure and there are limited direct indicators of performance.

Nevertheless, the Commission uses a suite of indirect indicators that, together with the discussion in the rest of this report, provide an overall indication of the Commission's performance (Table 1.1).

**Table 1.1 Output and performance measures 2019-20**

Measure	2019-20	Comment
<b>Provide high quality advice</b>		
Inquiry/review reports completed	4	The Commission published reports for the Inquiry into imprisonment and recidivism (final report), the Container Refund Scheme Pricing Review (interim and final report) and the Inquiry into the NDIS market in Queensland (issues paper).
Research papers published	3	Three research papers were published: <i>Improving measures of school education output and productivity in Queensland</i> , <i>Queensland Productivity Update 2018-19</i> and <i>Measuring progress in Queensland's remote Indigenous communities</i> .
Regulatory assessments	299	Assessments under the <i>Queensland Government Guide to Better Regulation</i> .
RIA training	446	Number of policy officers who attended RIA training.
	97%	Attendees found the training useful to very useful.
Competitive neutrality complaint investigations	1	Investigations are initiated by complaints by the public, and the number can vary from year to year. In 2019-20, one investigation was completed.
<b>Provide timely advice</b>		
Commissioned inquiry/review deadlines met	100%	Milestones are sourced from terms of reference or the QPC Act. In 2019-20, all timeframes were met.
Average time to complete regulatory impact analysis assessments (target 9-25 days)	9 days	Time to assess proposals varies according to complexity. On average, exclusions were assessed in 5 business days and PIAs 12 days (67 per cent were assessed within 15 days). RISs were assessed within 25 days for most (63 per cent) submissions. Time taken may not correspond to OBPR effort (e.g. it includes time for agencies to provide further information and where proposals are suspended).
<b>Follow independent and transparent processes</b>		
Meetings and roundtables with key stakeholders	>200	
Submissions received— inquiries and reviews	95	
Contributions to public debate		In 2019-20, there were over 65,000 views of the Commission's website (up from 35,000 the previous year), over 181 distinct media mentions, and 14 parliamentary mentions.
<b>Allocate resources efficiently and effectively—managing our resources to deliver value for money</b>		
<p>In 2019-20, the Commission's expenditure was \$4.8 million, with a surplus achieved for the year. Expenditure, including performance against budget, is reported monthly to the Board.</p> <p>In 2019-20, the total cost estimate (including a full allocation for all overheads) of the:</p> <ul style="list-style-type: none"> <li>inquiry into imprisonment and recidivism was \$0.3 million (total cost \$1.8 million)</li> <li>price monitoring review of the container refund scheme was \$0.4 million (total cost \$0.7 million)</li> <li>inquiry into the NDIS market in Queensland was \$0.2 million.</li> </ul>		

# Corporate matters

## Governance

The Board provides strategic direction and leadership across all the Commission's key functions and activities. Its responsibilities include:

- ensuring the Commission performs its functions with independence, rigour, responsiveness, transparency, equity, efficiency and effectiveness
- ensuring the Commission's work is evidence-based and makes a positive contribution to the long-term interests of the Queensland community
- performing a consultative role in the Commission's public inquiries and actively engaging with stakeholders regarding productivity and regulatory matters.

Section 14 of the QPC Act establishes the Board as the governing body of the Commission.

The Board comprises the Principal Commissioner and other Commissioners, as appointed by the Governor in Council. A maximum of three commissioners may be appointed.

The Board is accountable for the management and performance of the Commission in accordance with Section 15 of the QPC Act, as well as any other applicable legislation including the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*.

The Executive Director is responsible for the management of the Commission and reports to the Board.

The Executive Director manages the Commission according to the delegation, policies and procedures approved by the Board. The Executive Director is the primary link between the Board and Commission employees and is responsible for communicating Board policies and priorities to employees.

**Table 1.2 Board meetings 2019-20**

Board meetings	Number
In session	10
Out of session	2
Total	12

## Governance framework

The Commission's corporate governance framework represents the principles and objectives by which decisions are made within the Commission to ensure accountability, fairness and transparency. The framework is underpinned by a matrix of policies, legislation and standards. The Commission's governance framework encompasses the elements in Figure 1.5.

The Commission's governance framework includes external accountability measures through its external audit performed by the Queensland Audit Office in accordance with the *Financial Accountability Act 2009*. The Commission has achieved unqualified financial statement audit reports since the Commission commenced operations in 2015.

**Figure 1.5 The Commission's governance framework**



### Risk management and accountability

The Commission's risk management procedures are outlined in its Risk Management Policy.

The Commission remains committed to effective risk management and proactively identifies and monitors risks that may affect its ability to meet its strategic objectives. As the Commission is a small organisation, it does not have a formal audit committee, risk management committee or internal audit function to manage its strategic and operational risks. Instead, the senior management

team applies the Commission's Risk Management Framework and considers areas of potential risk exposure, assesses them in terms of severity and probability, and ensures arrangements are in place to manage risks.

Over 2019-20, the Commission's risk management policy was reviewed and updated. An entity-wide risk register is maintained and reviewed by the senior management team on an annual basis and includes risk mitigating strategies assigned to each risk.

## Business continuity and COVID-19

In January 2020 the World Health Organisation (WHO) declared the outbreak of a new coronavirus disease (COVID-19) to be a Public Health Emergency. During March 2020, WHO upgraded COVID-19 to pandemic status.

The Commission established a Business Continuity Response (BCR) team to lead its response to the impact on business continuity and staff wellbeing. As the COVID-19 situation continues to evolve, the Commission has taken precautionary measures to ensure the safety of our staff and continuity of operations. The Commission's measures are informed by recommendations from the Australian and Queensland Governments on how to minimise the potential impacts of the virus. The guiding principles have been to keep our employees safe and to limit community spread of the virus, whilst maintaining the Commission's delivery standards.

The Commission's ICT systems have enabled an effective remote working model to be implemented, allowing staff to continue to execute their work effectively, with all functions being performed, and deadlines being met. The Commission has adapted its external consultation delivery model to ensure all stakeholders were able to engage safely with the Commission.

## Corporate governance initiatives

In 2019-20 the Commission developed and executed a robust corporate work program, which included the following governance initiatives:

- Response to COVID-19, which included implementing a remote working model, preparation of a COVID-Safe Workplan and corresponding risk assessment and establishing processes to support the re-opening of the Commission's office.
- Continued development and implementation of a revised staff capability and performance framework, including identification of key performance and professional development needs.
- Annual review of the Commission's governance policies and artefacts to ensure appropriateness to the Commission's operations including legislative changes and other relevant directives, guidelines, standards and circulars have been reflected.

- Review of key contracts and remediation of contract performance to ensure key performance indicators were met and contracts continue to deliver value for money for the Commission.
- Commenced a review of the Commission's communication plan with an emphasis on stakeholder engagement and public awareness of the Commission and its mandate.
- Conducted a staff-wide Strategy planning day in preparation for the Strategic Review due in FY20-21.
- Refreshed the Commission's business continuity planning reflecting the current economic and health environment.

## Information security and data management

The Commission is committed to quality information and records management through:

- a secure physical and ICT environment
- risk-based policies and practices that support sound decision making, accountability and compliance.

In 2019-20 the Commission introduced a new Information handling policy, which sets out processes, standards and requirements for managing the personal and confidential information that the Commission collects, holds and uses and commenced a review of our data management practices.

## Human Rights Act

Upon the ascent of the *Human Rights Act*, the Commission informed its staff about the Act and their obligations under the Act. In addition, human rights training was undertaken by staff and senior leaders of the Commission.

The Commission did not receive any human rights complaints in 2019-20.

The Commission has incorporated an assessment for compatibility with the *Human Rights Act* as part of the ongoing review of Commission policies and practices.



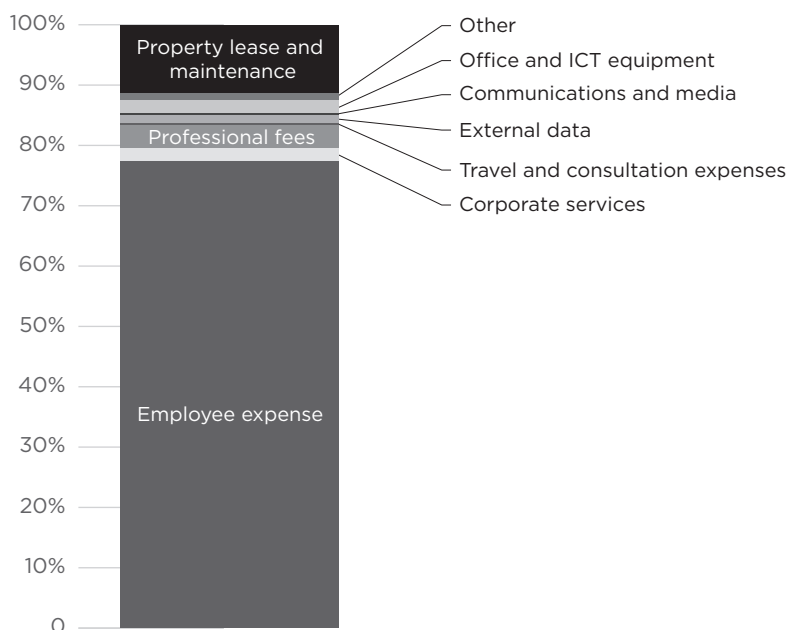
## Financial performance

In 2019–20, the Commission’s income was \$5.4 million (largely from Queensland Government funding) and total expenditure was \$4.8 million (including \$0.2 million of costs associated with consultants) The surplus for 2019–20 was \$0.6 million.

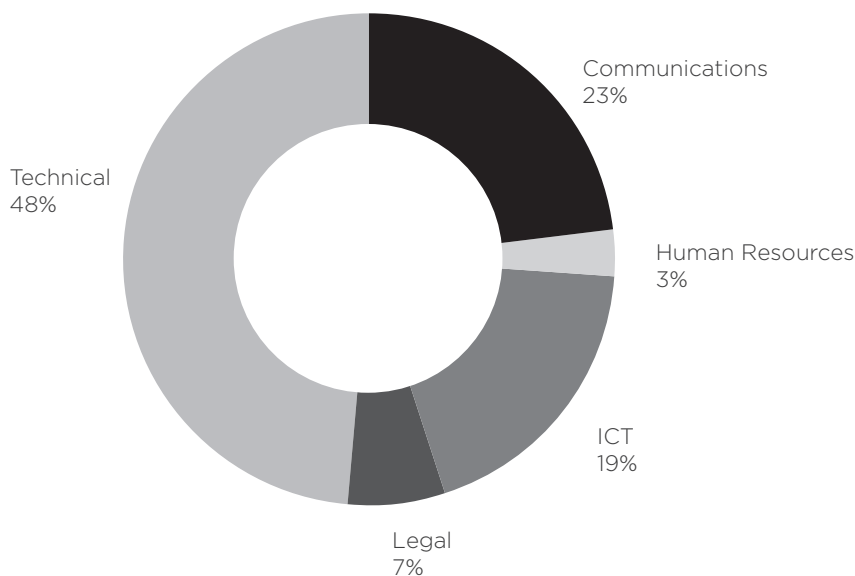
The variance between the 2019-20 target expenditure and the actual 2019-20 total expenditure can be attributed to the impact of COVID-19 and the delayed commencement for the Inquiry into the NDIS market in Queensland. It is expected that expenditure will return to target for the 2020-21 financial year.

As illustrated in Figure 1.6, wages and salaries were the largest component of the Commission’s costs (77 per cent), followed by property lease related expenses, professional consultants and corporate services. The majority of expenditure on consultants (Figure 1.7) related to professional and technical expertise. Expenditure, including performance against budget, is reported monthly to the Board.

**Figure 1.6 2019-20 Expenditure categories**



**Figure 1.7 2019-20 Expenditure on consultants**



## Our employees

### Workforce profile and staffing

As at 30 June 2020, the Commission had 25 full and part-time employees (22.4 FTE). This comprised one Principal Commissioner (1 FTE), an Executive Director (1 FTE), Economists/Analysts (18 FTE) and Finance and Corporate (2.4 FTE).

1 Commissioner

23 Employees

1 *Seconded (interchange arrangement)*

The Commission adjusts resources depending on the tasks referred by the government. Interchange opportunities were offered to Queensland Government employees throughout the year as well as short-term contracts to appropriately skilled external applicants. In 2019–20, the Commission had one staff member from Queensland Treasury on interchange arrangement and one Commission staff member on interchange to Queensland Treasury.

### Strategic workforce planning and performance

The Commission is keen to attract and retain capable and committed employees to maintain high-quality work.

All permanent and interchange employees are appointed through a merit-based process. Permanent vacancies (including promotions) and temporary vacancies over 12 months (other than entry level) are advertised and filled through merit-based selection.

The Commission's human resources manual sets out the terms and conditions of employment under the QPC Act.

### Flexible work arrangements

The Commission provides for flexible work practices to maximise employees' productivity and help employees balance work with other commitments. These include flexible work hours, ongoing part-time work and purchased leave (up to an additional four weeks of leave per year). Employees may also work from home (subject to organisational requirements).

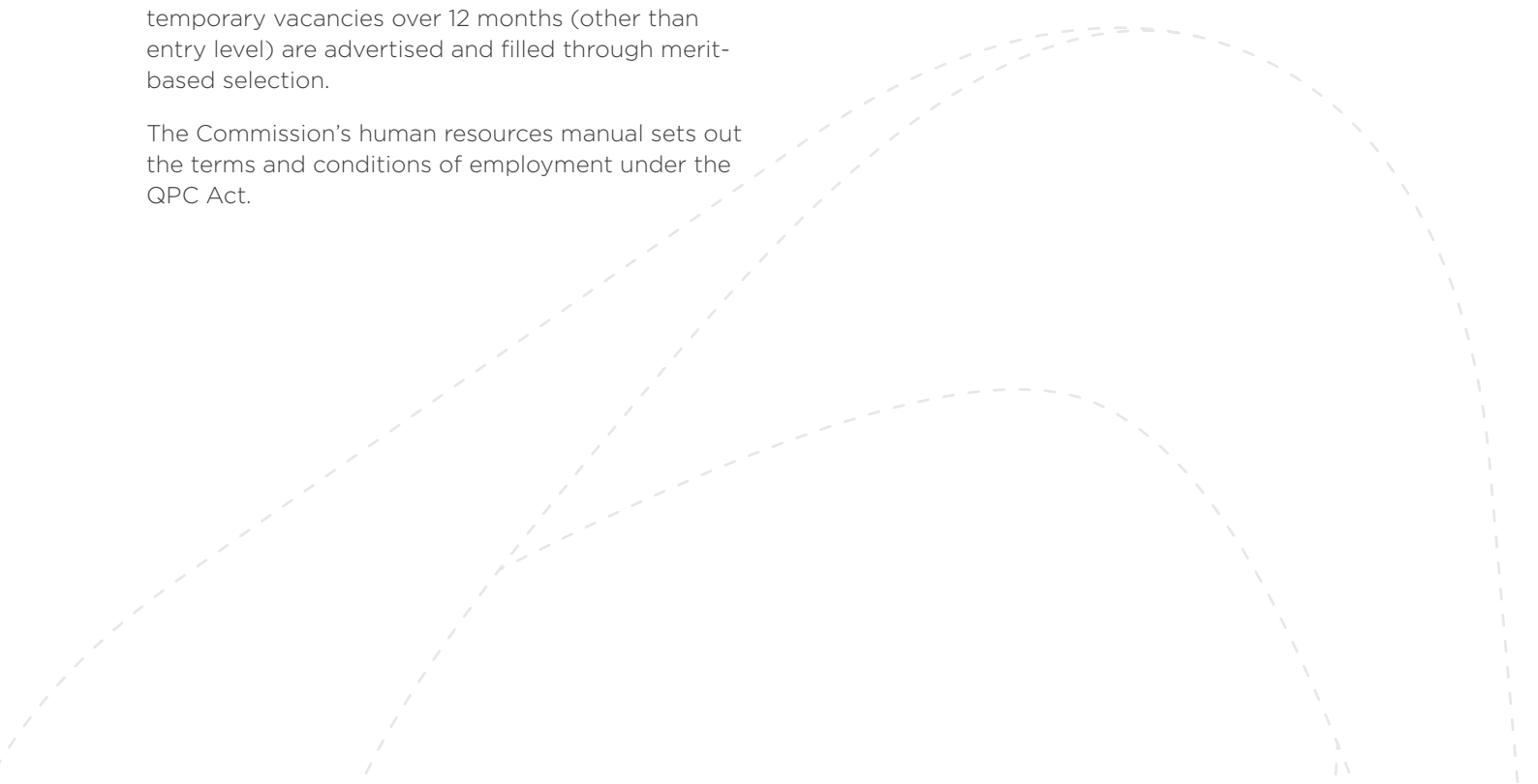
### Investing in the development of people

The Commission's employee capability system describes the core capabilities and expectations for Commission employees. It is designed to support and develop employees for their own professional development and to deliver high-quality outcomes. It is used as the basis for performance planning and development, as well as career conversations.

The Commission provides study and research assistance to employees seeking to undertake further study (subject to organisational requirements).

### Early retirement, redundancy and retrenchment

No redundancy, early retirement and retrenchment packages were paid during the period.



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# Financial Statements



**Queensland Productivity Commission**  
**Financial statements**  
**for the year ended 30 June 2020**

# Queensland Productivity Commission

## Financial statements - 30 June 2020

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**Queensland Productivity Commission  
Statement of comprehensive income  
For the year ended 30 June 2020**

	Notes	2020 \$'000	2019 \$'000
Funding	4	5,361	4,477
Interest income		27	31
Other income		6	2
<b>Income from continuing operations</b>		<b>5,394</b>	4,510
Employee expense	5	(3,702)	(3,473)
Supplies and services	7	(550)	(942)
Depreciation expense	9	(504)	-
Interest expense on leases	9	(20)	-
<b>Total expenses from continuing operations</b>		<b>(4,776)</b>	(4,415)
<b>Operating result</b>		<b>618</b>	95
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>618</b>	95

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Queensland Productivity Commission**  
**Statement of financial position**  
**As at 30 June 2020**

	Notes	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,326	767
Receivables	8	73	83
<b>Total current assets</b>		<u>1,399</u>	<u>850</u>
<b>Non-current assets</b>			
Right-of-use assets	9	630	-
<b>Total non-current assets</b>		<u>630</u>	<u>-</u>
<b>Total assets</b>		<u>2,029</u>	<u>850</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	189	136
Employee benefit obligations	11	95	236
Lease liabilities	9	518	-
<b>Total current liabilities</b>		<u>802</u>	<u>372</u>
<b>Non-current liabilities</b>			
Lease liabilities	9	162	-
Provisions	12	-	25
<b>Total non-current liabilities</b>		<u>162</u>	<u>25</u>
<b>Total liabilities</b>		<u>964</u>	<u>397</u>
<b>Net assets</b>		<u>1,065</u>	<u>453</u>
<b>EQUITY</b>			
Contributed equity		7	7
Retained earnings		<u>1,058</u>	<u>446</u>
<b>Total equity</b>		<u>1,065</u>	<u>453</u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

**Queensland Productivity Commission  
Statement of changes in equity  
For the year ended 30 June 2020**

	Notes	Contributed equity \$'000	Accumulated surplus \$'000	Total \$'000
<b>Balance at 1 July 2018</b>		7	351	358
Operating result		-	95	95
<b>Total comprehensive income for the year</b>		-	<b>95</b>	<b>95</b>
<b>Balance at 30 June 2019</b>		<b>7</b>	<b>446</b>	<b>453</b>
<b>Balance at 1 July 2019</b>		7	446	453
Adjustment on adoption of AASB 16 Leases	3	-	(6)	(6)
<b>Restated total equity at the beginning of the financial year</b>		<b>7</b>	<b>440</b>	<b>447</b>
Operating result		-	618	618
<b>Total comprehensive income for the year</b>		-	<b>618</b>	<b>618</b>
<b>Balance at 30 June 2020</b>		<b>7</b>	<b>1,058</b>	<b>1,065</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*



**Queensland Productivity Commission**  
**Statement of cash flows**  
**For the year ended 30 June 2020**

	Notes	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Funding		5,414	4,479
Goods and services tax input tax credits from Australian Tax Office		128	74
Interest received		27	31
<b>Total inflows from operating activities</b>		<b>5,569</b>	4,584
Employee expenses		(3,853)	(3,367)
Supplies and services		(542)	(924)
Goods and services tax paid to suppliers		(110)	(94)
Interest paid		(20)	-
<b>Total outflows from operating activities</b>		<b>(4,525)</b>	(4,385)
<b>Net cash inflow from operating activities</b>	16	<b>1,044</b>	199
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(485)	-
<b>Net cash (outflow) from financing activities</b>		<b>(485)</b>	-
<b>Net increase in cash and cash equivalents</b>		<b>559</b>	199
Cash and cash equivalents at the beginning of the financial year		767	568
Cash and cash equivalents at end of year		<b>1,326</b>	767

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## Contents of the notes to the financial statements

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**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 1 Objectives of the Commission

The Commission's role is to provide independent economic and policy advice to the Queensland Government with the goal of increasing productivity, driving economic growth and improving living standards in Queensland.

The Commission's main functions include:

- Public inquiries into matters relating to productivity, economic development and industry in Queensland
- Research and advice on matters beyond the formal inquiry function
- Advice and guidance to government departments on the quality of regulatory proposals
- Investigation of competitive neutrality complaints about state and local government business activities.

## 2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they are not disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) General information

The financial statements are for the Queensland Productivity Commission ("the Commission"), as an individual entity.

The Commission is a not-for-profit independent statutory body established under the *Queensland Productivity Commission Act 2015*.

The head office and principal place of business of the Commission is:

Queensland Productivity Commission  
Level 27, 145 Ann Street  
Brisbane, Queensland, 4000.

### (b) Basis of preparation

These financial statements have been prepared in compliance with the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Financial Reporting Requirements for the reporting periods beginning on or after 1 July 2019, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit entity.

The financial statements are authorised for issue by the Principal Commissioner and Executive Director at the date of signing the Management Certificate.

#### (i) Historical cost convention

These financial statements have been prepared under the historical cost basis.

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

#### (ii) Comparatives

Comparatives have been reclassified, where necessary, to enhance comparability.

## 2 Summary of significant accounting policies (continued)

### (b) Basis of preparation (continued)

#### (iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 12.

#### (iv) New and amended standards adopted by the Commission

The Commission has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2019:

- AASB 1058 *Income of Not -for -Profit Entities*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*

The Commission had to change its accounting policies as a result of adopting AASB 16. The Commission elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 3. The other standards and amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

#### (v) New standards and interpretations not yet adopted

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

### (c) Income tax

The Commission is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from, and GST payable to the ATO, are recognised in the statement of financial position (refer to note 8).

### (d) Cash and cash equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

### (e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis.

### (f) Rounding of amounts

Amounts included in the financial statements are in Australian dollars and have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

### 3 Changes in accounting policies

As indicated in note 2(b) above, the Commission has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 9(c).

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Commission.

On adoption of AASB 16, the Commission recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.179%.

(i) *Practical expedients applied*

In applying AASB 16 for the first time, the Commission has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Commission has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Commission relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) *Measurement of lease liabilities*

Operating lease commitments disclosed as at 30 June 2019	\$'000
	1,169
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(30)
Make good provision previously recognised	25
<b>Lease liability recognised as at 1 July 2019</b>	<b>1,164</b>
Of which are:	
Current lease liabilities	485
Non-current lease liabilities	679
	1,164

(iii) *Measurement of right-of-use assets*

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019.

(iv) *Adjustments recognised in the statement of financial position on 1 July 2019*

The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

- right-of-use assets - increased by \$1,133,908
- lease liabilities - increased by \$1,164,435
- provisions - decreased by \$25,000

The net impact on retained earnings on 1 July 2019 was a decrease of \$5,527.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
 (continued)

#### 4 Funding

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
State Government grants	<b>5,361</b>	4,477
<b>Total revenue from continuing operations</b>	<b>5,361</b>	4,477

Grants that are not sufficiently specific are recognised as revenue in the year in which the Commission completes its performance obligation, which is considered to be achieved at the time of receipt.

The Commission receives an annual grant which is provided for the purpose of supporting the strategic objectives of the Commission.

#### 5 Employee expenses

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Employee benefits expenses</b>		
Wages, salaries and allowances	<b>2,801</b>	2,661
Employer superannuation contributions	<b>340</b>	318
Annual leave and long service leave levies	<b>329</b>	269
Employee related taxes and other expenses	<b>232</b>	225
	<b>3,702</b>	3,473

##### (a) Employees

The number of employees as at 30 June, including both full-time and part-time employees measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) is:

	<b>2020</b>	<b>2019</b>
Number of employees	22.40	21.40

##### (b) Accounting policies

###### (i) Wages and salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As the Commission expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

###### (ii) Sick leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 5 Employee expenses (continued)

### (b) Accounting policies (continued)

#### (iii) Annual leave and long service leave

No provision is recognised for liabilities in relation to annual and long service leave as the liability is held on a whole-of-government basis and reported in the financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme, a levy is made on the Commission to cover the cost of employee's annual leave (including leave loading and on-costs), and long service leave. The levies are expended in the period in which they are payable.

#### (iv) Superannuation

Post employment benefits for superannuation are provided through defined contribution (accumulation) plans to the Queensland Government's QSuper (or choice superannuation fund) as determined by the employee's conditions of employment.

**Defined Contribution Plans** - Contributions are made to eligible complying superannuation funds based on the minimum obligation under the *Superannuation Guarantee (Administration) Act 1992* or as specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

## 6 Key management personnel disclosures

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission during the financial year. Further information can be found in the body of the Commission's Annual Report under the section relating to Executive Management.

Position	Position responsibility
Commissioners	Responsible for the Commission's duties and responsibilities, in accordance with the Queensland Productivity Commission Act 2015 (QPC Act). The Principal Commissioner is also the relevant Ministerial liaison.
Executive Director	Responsible for the management of the Commission in accordance with directions of the Commissioners and the QPC Act.

### (a) Key management personnel compensation

Remuneration policy for the Commission's key management personnel is specified in an employment contract. Remuneration expenses for key executive management personnel comprise the following components:

- **Short term employee benefits** which include:
  - Salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position;
  - Non-monetary benefits - consisting of car parking benefits together with fringe benefit tax applicable to the benefit.
- **Long term employee benefits** include amounts expensed in respect of long service leave entitlements earned.
- **Post-employment benefits** include amounts expensed in respect of employer superannuation obligations.
- **Termination benefits** are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 6 Key management personnel disclosures (continued)

### (a) Key management personnel compensation (continued)

2020	Short-term employee benefits		Post-employment benefits	Long-term benefits	Termination benefits	Total
	Cash salary	Non-monetary benefits				
Name	\$'000	\$'000	Super-annuation	Long service leave	\$'000	\$'000
Principal Commissioner (to 29 February 2020)	294	8	31	6	-	339
Principal Commissioner (from 1 March 2020)	119	1	15	3	-	138
Commissioner (to 31 October 2019) *	33	-	3	-	-	36
Executive Director	266	8	23	7	-	304
<b>Total key management personnel compensation</b>	<b>712</b>	<b>17</b>	<b>72</b>	<b>16</b>	<b>-</b>	<b>817</b>

2019	Short-term employee benefits		Post-employment benefits	Long-term benefits	Termination benefits	Total
	Cash salary	Non-monetary benefits				
Name	\$'000	\$'000	Super-annuation	Long service leave	\$'000	\$'000
Principal Commissioner	384	9	45	8	-	446
Commissioner *	46	-	4	-	-	50
Executive Director	216	9	21	7	-	253
<b>Total key management personnel compensation</b>	<b>646</b>	<b>18</b>	<b>70</b>	<b>15</b>	<b>-</b>	<b>749</b>

\* The position of Commissioner was appointed for the period 1 January 2019 to 31 October 2019.

The terms of any Commissioner appointments are established by the Governor in Council, in accordance with section 19 of the QPC Act.

### (b) Transactions with key management personnel

The Commission did not enter into any transactions with people, or entities, related to key management personnel during the financial year ended 30 June 2020 (2019: nil).

### (c) Performance payments

No performance payments were made to the key management of the Commission.



**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 7 Supplies and services

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Corporate services	<b>97</b>	95
Professional fees	<b>182</b>	108
Travel and consultation expenses	<b>15</b>	60
Property lease and maintenance expenses (a)	<b>12</b>	525
External data	<b>70</b>	91
Communications and media	<b>11</b>	13
Office and ICT equipment	<b>105</b>	10
Other	<b>58</b>	40
	<b>550</b>	942

### (a) Property lease and maintenance expenses

Property lease and maintenance includes operating lease payments that are representative of the pattern of benefits derived from the property sub-lease (as described in note 15), and are expensed in the period in which it is incurred.

Operating lease rental expenses comprises the minimum lease payments payable under the operating lease contract. The accounting policy for operating leases changed from 1 July 2019, resulting in a significant decrease to property lease and maintenance expenses, refer note 3 and note 9(b).

## 8 Receivables

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Goods and services (GST) receivable	<b>11</b>	29
Leave reimbursements	<b>9</b>	47
Prepayments	<b>53</b>	7
	<b>73</b>	83

### (a) Classification as receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date. Receivables are recognised at the amounts due at the time of service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

### (b) Risk exposure

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by the Commission. Due to the nature of the Commission's receivables at year end, there are no impaired nor past due but not impaired receivables.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 9 Leases

### (a) Amounts recognised in the balance sheet

The statement of financial position shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
<b>Right-of-use assets *</b>		
Office premises	630	-
	630	-
<b>Lease liabilities</b>		
Current	518	-
Non-current	162	-
	680	-

\* For adjustments recognised on adoption of AASB 16 on 1 July 2019, please refer to note 3.

### (b) Amounts recognised in the statement of profit or loss

The statement of comprehensive income shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
<b>Depreciation charge of right-of-use assets</b>		
Office premises	504	-
	504	-
Interest expense	20	-
	20	-

### (c) The Commission's leasing activities and how these are accounted for

The Commission has one non-cancellable sub-lease relating to its office premises property lease at 145 Ann Street, Brisbane.

The rental contract may contain both lease and non-lease components. For leases of real estate for which the Commission is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease terms contain a wide range of different terms and conditions. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. The leased asset may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Commission.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 9 Leases (continued)

### (c) The Commission's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Commission under residual value guarantees (if applicable).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

### (d) Extension and termination options

No extension nor termination options are included in the property lease of the Commission. The sub-lease expires on 30 September 2021 with no option to extend.

## 10 Trade and other payables

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Trade and other payables	<b>109</b>	115
Accrued expenses	<b>55</b>	18
Payroll tax and other statutory liabilities	<b>25</b>	3
	<b>189</b>	136

Trade payables are unsecured and are usually paid within 30 days of recognition. Accrued expenses are recognised for expenses incurred but not yet invoiced.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 11 Employee benefit obligations

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Salary and wages	-	155
Annual leave levy payable	<b>75</b>	60
Long service leave levy payable	<b>20</b>	14
Superannuation	-	7
	<b>95</b>	236

## 12 Provisions

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Non-current liabilities</b>		
Make good provision	-	25

The Commission is required to repaint the leased premises and repair and clean carpets at the expiry of the lease, so as to restore the premises to its original condition at the end of the lease term. A provision was recognised for the present value of the estimated expenditure. Under AASB 16, the provision was transferred to the lease liability.

## 13 Financial risk management

Financial assets and financial liabilities are recognised in the statement of financial position when the Commission becomes party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented in the statement of financial position.

The Commission has no financial assets/ liabilities recorded at fair value. The following categories of financial assets and financial liabilities are reported at amortised cost:

	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Notes		
<b>Financial assets</b>		
Cash and cash equivalents	<b>1,326</b>	767
Receivables	<b>20</b>	76
	<b>1,346</b>	843
Notes	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Financial liabilities</b>		
Trade and other payables	<b>189</b>	136
	<b>189</b>	136

The activities undertaken by the Commission do not expose it to any material credit, liquidity or market risk.

**Queensland Productivity Commission**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

## 14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor:

### Queensland Audit Office

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Audit of financial statements	<b>17</b>	17
Total remuneration for audit services	<b>17</b>	17

The audit fee quoted by the QAO relating to the 2019-20 financial statements is \$17,425.

No non-audit services were provided by the QAO during the reporting period.

## 15 Related party transactions

### *Transactions with other Queensland Government-controlled entities*

The Commission's primary ongoing source of funding from Government (refer note 4) is provided in cash via Queensland Treasury.

The Corporate Administration Agency (CAA) provided the Commission with information system and support services under the "Shared Services Provider" model, at a cost of \$96,528 (2019: \$94,504) as detailed in note 7.

The Commission has entered into a property sub-lease with the Queensland Competition Authority (QCA) in relation to the lease of its head office premises, as detailed in note 7.

The Commission has no option to purchase the lease item at conclusion of the lease. The sub-lease expires on 30 September 2021, with no option to extend.

## 16 Cash flow information

### Reconciliation of operating result to net cash inflow (outflow) from operating activities

	Notes	<b>2020</b>	2019
		<b>\$'000</b>	\$'000
<b>Profit for the year</b>		<b>618</b>	95
Adjustments for:			
Depreciation	9	<b>504</b>	-
Change in operating assets and liabilities:			
Decrease in receivables		<b>10</b>	5
Increase in trade and other payables		<b>53</b>	20
(Decrease)/increase in other operating liabilities		<b>(141)</b>	79
Net cash inflow from operating activities		<b>1,044</b>	199

Queensland Productivity Commission  
Management certificate  
30 June 2020

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements and notes set out on pages 27 to 43 have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Productivity Commission for the year ended 30 June 2020 and of the financial position of the entity at the end of that year.

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standards 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the period.



Dr Karen Hooper  
Principal Commissioner

20 August 2020



Kristy Bogaards  
Executive Director

20 August 2020

## INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Productivity Commission

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Queensland Productivity Commission.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate given by the Principal Commissioner and the Executive Director.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.



### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian 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 report, 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 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 entity.
- Conclude on the appropriateness of the entity'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 report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions 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.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board 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.

### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.





### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

A handwritten signature in blue ink, appearing to read 'MF', with a stylized flourish extending to the right.

Melissa Fletcher  
as delegate of the Auditor-General

21 August 2020  
Queensland Audit Office  
Brisbane



# Glossary

ARRs	Annual report requirements for Queensland Government agencies
Commission	Queensland Productivity Commission
CAA	Corporate Administration Agency
FAA	<i>Financial Accountability Act 2009</i>
FPMS	<i>Financial and Performance Management Standard 2009</i>
GOCs	Government Owned Corporations
GRAIL	Government Research and Information Library
Guidelines	Queensland Government Guide to Better Regulation
ICT	Information and Communications Technology
ISSN	International Standard Serial Number
MFP	Multifactor Productivity
NHMRC	National Health and Medical Research Council
OBPR	Office of Best Practice Regulation
PIA	Preliminary Impact Assessment
PIR	Post Implementation Review
RPF	Regulator Performance Framework
QPC Act	<i>Queensland Productivity Commission Act 2015</i>
RIA	Regulatory Impact Analysis
RIS	Regulatory Impact Statement



# Appendix A: Letter of compliance



File Ref: DOC20/2172

7 September 2020

The Honourable Cameron Dick  
Treasurer and Minister for Infrastructure and Planning  
Queensland Treasury  
GPO Box 611  
BRISBANE QLD 4000

Email: [treasurer@ministerial.qld.gov.au](mailto:treasurer@ministerial.qld.gov.au)  
[executive.correspondence@treasury.qld.gov.au](mailto:executive.correspondence@treasury.qld.gov.au)

Dear Treasurer

## Queensland Productivity Commission Annual Report 2019–20

I am pleased to submit for presentation to the Parliament the Queensland Productivity Commission Annual Report 2019–20 and financial statements.

I certify this Annual Report complies with:

- The prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*, and
- The detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 52 of this annual report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Karen Hooper', written in a cursive style.

**Dr Karen Hooper**  
PRINCIPAL COMMISSIONER

Encl.

# Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
<b>Letter of compliance</b>	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs - section 7	51
<b>Accessibility</b>	Table of contents Glossary	ARRs - section 9.1	Inside cover 49
	Public availability	ARRs - section 9.2	Inside cover 54
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs - section 9.3	54
	Copyright notice	<i>Copyright Act 1968</i> ARRs - section 9.4	Inside cover
	Information Licensing	<i>QGEA - Information Licensing</i> ARRs - section 9.5	N/A
<b>General information</b>	Introductory Information	ARRs - section 10.1	1-2
	Agency role and main functions	ARRs - section 10.2	2-17
	Machinery of Government changes	ARRs - section 10.2, 31 and 32	N/A
	Operating environment	ARRs - section 10.3	5-17
<b>Non-financial performance</b>	Government's objectives for the community	ARRs - section 11.1	2
	Other whole-of-government plans / specific initiatives	ARRs - section 11.2	5-17
	Agency objectives and performance indicators	ARRs - section 11.3	18-19
	Agency service areas and service standards	ARRs - section 11.4	5-17
<b>Financial performance</b>	Summary of financial performance	ARRs - section 12.1	23, 25-47
<b>Governance - management and structure</b>	Organisational structure	ARRs - section 13.1	4
	Executive management	ARRs - section 13.2	4
	Government bodies (statutory bodies and other entities)	ARRs - section 13.3	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs - section 13.4	24
	Human Rights	<i>Human Rights Act 2019</i> ARRs - Section 13.5	22
	Queensland public service values	ARRs - section 13.6	24

Summary of requirement		Basis for requirement	Annual report reference
<b>Governance - risk management and accountability</b>	Risk management	ARRs - section 14.1	21-22
	Audit committee	ARRs - section 14.2	21-22
	Internal audit	ARRs - section 14.3	21-22
	External scrutiny	ARRs - section 14.4	21-22
	Information systems and recordkeeping	ARRs - section 14.5	21-22
<b>Governance - human resources</b>	Strategic workforce planning and performance	ARRs - section 15.1	24
	Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs - section 15.2	24
<b>Open Data</b>	Statement advising publication of information	ARRs - section 16	54
	Consultancies	ARRs - section 33.1	23
	Overseas travel	ARRs - section 33.2	N/A
	Queensland Language Services Policy	ARRs - section 33.3	54
<b>Financial statements</b>	Certification of financial statements	FAA - section 62 FPMS - sections 38, 39 and 46 ARRs - section 17.1	44
	Independent Auditor's Report	FAA - section 62 FPMS - section 46 ARRs - section 17.2	45-47

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

## Annual report access

### Additional copies

A copy of this report can be obtained by contacting us as follows:

email [enquiry@qpc.qld.gov.au](mailto:enquiry@qpc.qld.gov.au)

Mail Executive Support  
Queensland Productivity Commission  
PO Box 12112  
George Street  
BRISBANE QLD 4003

Tel (07) 3015 5111

Fax (07) 3015 5199

This report is available on our website: [qpc.qld.gov.au](http://qpc.qld.gov.au)

### Open data

Further information on the following is available through the Queensland Government's Open Data website: [data.qld.gov.au](http://data.qld.gov.au):

Consultancies 2019-20

### Government bodies

The Queensland Register of appointees to government bodies provides access to information about government bodies including descriptions, contact details and lists of appointees.

### Translating and interpreting assistance



The Commission is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on (07) 3015 5111 and we will arrange an interpreter to effectively communicate the report to you.

### Feedback

Readers are encouraged to provide feedback on the contents or structure of this report by contacting us at [enquiry@qpc.qld.gov.au](mailto:enquiry@qpc.qld.gov.au).





