



Final Annual Report of the Queensland Productivity Commission

For the period 1 July 2020 to 1 June 2021



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Tel (07) 3035 3487

Email: OPRTR@treasury.qld.gov.au

ABN 18 872 336 955

Statement of Compliance

31 August 2021

The Honourable Cameron Dick
Treasurer and Minister for Investment
GPO Box 611
BRISBANE QLD 4000

Email: treasurer@ministerial.qld.gov.au
executive.correspondence@treasury.qld.gov.au

Dear Treasurer

I am pleased to submit for presentation to the Parliament the final report and final financial statements for the Queensland Productivity Commission for the period 1 July 2020 to 1 June 2021.

The *Queensland Productivity Commission Act 2015* was repealed, and the Queensland Productivity Commission was abolished, on 2 June 2021.

I certify that this final 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 53 of this final report.

Yours sincerely



Dr Karen Hooper
Former Principal Commissioner of the Queensland Productivity Commission

Contents

Statement of Compliance	i
Preamble	1
Final Annual Report	2
The Queensland Productivity Commission	2
The Organisation	4
Overview of key activities	6
Public inquiries and other referred work	7
Inquiry into the National Disability Insurance Scheme (NDIS) market in Queensland	8
Research	11
Promoting public understanding of productivity	13
Regulatory review	15
OBPR annual reporting	16
Competitive neutrality	20
Performance statement	21
Performance measures	22
Corporate matters	24
Governance	24
Governance framework	25
Our employees	29
Workforce profile and staffing	29
Strategic workforce planning and performance	29
Flexible work arrangements	29
Investing in the development of people	29
Early retirement, redundancy and retrenchment	29
Final financial statements	31
Glossary	52
Appendix A: Compliance checklist	53
Annual report access	55

Preamble

This is the final report of the Queensland Productivity Commission.

In September 2020, the Queensland Government announced the Queensland Productivity Commission (Commission) would be integrated into Queensland Treasury to establish the new Office of Productivity and Red Tape Reduction.

The Commission was established in 2015 to provide independent economic and policy advice to the state—with the goal of increasing productivity, driving economic growth and improving living standards in Queensland. In providing our advice, the Commission adopted a community-wide approach, aiming to recommend the best policies and regulation for the Queensland community as a whole.

During its five years, the Commission tackled complex and sometimes contentious issues. The Commission completed six public inquiries, on electricity and solar pricing, manufacturing, service delivery in Queensland's remote and discrete indigenous communities, imprisonment and recidivism and the NDIS market in Queensland.

Beyond the Commission's formal inquiry function, the Commission published research on a range of policy and regulatory matters including Queensland's productivity performance, housing affordability, whole-of-economy modelling, school education, building economic resilience in Queensland, measuring progress in Queensland's Indigenous communities and improving regulation.

The Commission also reviewed the price impacts of the container refund scheme, regulation of Queensland pharmacies, regulation of sugar marketing, options to improve regulator performance and conducted a cost-benefit analysis of mandatory standards.

Over the last five years, the Commission's Office of Best Practice Regulation (OBPR) provided advice on over 1,550 regulatory proposals and trained over 1,400 policy makers. During this time, the regulatory review function transitioned from providing advice and review of large volumes of low risk and low impact regulatory change proposals towards more complex matters, more likely to impact on the Queensland community.

The Commission fulfilled its legislated role to promote public understanding and discussion of productivity-related policy matters through a wide variety of fora, including two productivity lectures, an Australian and New Zealand forum on productivity reform, guidance and other educational publications and numerous policy presentations to universities, business and policy-makers.

Lastly, the Commission conducted six competitive neutrality investigations and provided advice and guidance to stakeholders and government bodies across a wide range of issues to ensure public sector businesses compete on a level playing field with the private sector.

In implementing its broad mandate, the Commission benefited from engagement with thousands of stakeholders across Queensland, nationally and internationally. The Commission offers its sincere thanks to stakeholders for their support and contributions over the past five years.

Final Annual Report

On 25 March 2021, the Treasurer and Minister for Investment presented the *Debt Reduction and Savings Bill 2021* to the Queensland Parliament. The Bill, amongst other things, repealed the *Queensland Productivity Commission Act 2015* (QPC Act). The purpose of the repeal was to enable the integration of the Queensland Productivity Commission into Queensland Treasury to establish the Office of Productivity and Red Tape Reduction.

On 2 June 2021, the Bill received Royal Assent and the Queensland Productivity Commission was dissolved.

Functions of the Commission transferred to the new Office of Productivity and Red Tape Reduction, other than the competitive neutrality function, which transferred to the Queensland Competition Authority.

This final report presents the activities and the performance of the Queensland Productivity Commission from 1 July 2020 to 1 June 2021.

The Queensland Productivity Commission

The Queensland Productivity Commission was an independent statutory body, operating under the *Queensland Productivity Commission Act 2015*. The Commission provided advice on complex economic and regulatory issues and proposed policy reforms with the aim of driving economic growth, lifting productivity and improving living standards for Queenslanders.

The Commission's vision and strategic objectives

To improve the wellbeing of the Queensland community through evidence-based policy and regulation.

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

Our 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 were conducted via a public process involving in-depth stakeholder consultation.
- 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 on compliance with the principle of competitive neutrality, and receiving, investigating and reporting on complaints about the alleged failures of government agencies to comply 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 contributed to the Queensland Government's priorities through 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.

The Organisation

The Board (as at 1 June 2021)

Dr Karen Hooper, Principal Commissioner

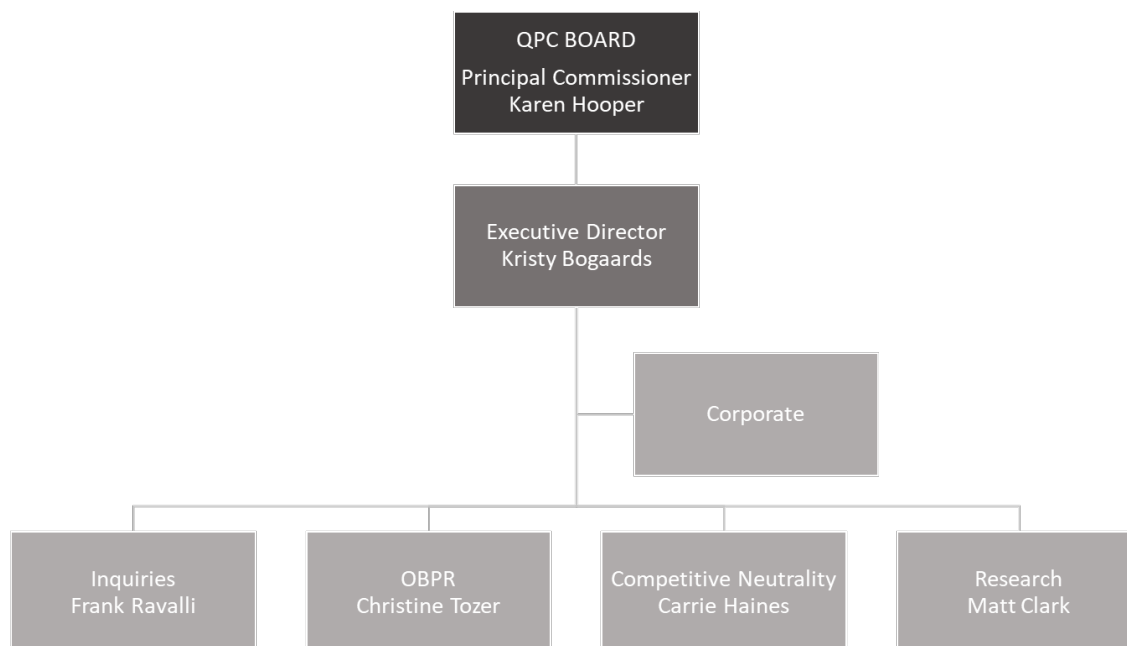
Karen joined the Commission as Principal Commissioner in March 2020. She has extensive policy and leadership experience gained from senior management roles at the Reserve Bank of Australia (RBA) and The University of Queensland. Karen is an economist with a Ph.D. in economics from The University of Queensland 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, 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 and member of CEDA's National Council on Economic Policy, a member of Women on Boards, Secretary of the Queensland Branch of the Women in Economics Network (WEN) and a mentor in the WEN mentoring program.

The structure (as at 1 June 2021)

Figure 1.1 Organisational chart, as at 1 June 2021



Overview of key activities

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

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

Highlights—from 1 July 2020 to 1 June 2021

Inquiries and commissioned reviews
<ul style="list-style-type: none"> • Completed a major public inquiry into the NDIS market in Queensland, consulting with around 500 stakeholders and making 56 recommendations to improve the scheme.
Regulatory review
<ul style="list-style-type: none"> • Provided advice across 169 regulatory proposals. • Trained more than 554 policy-makers on best practice regulation.
Research
<p>Released research papers on:</p> <ul style="list-style-type: none"> • Building economic resilience in Queensland, to inform the discussion about policy approaches to support a more resilient and productive Queensland economy, particularly in the wake of significant economic shocks such as COVID-19. • Improving regulation, which examined the impact of regulation in Queensland and options to improve the design and administration of regulation to support future growth.
Promoted public understanding of productivity
<p>Completed broad stakeholder engagement including:</p> <ul style="list-style-type: none"> • Hosting an online productivity commission forum bringing together commissions from across Australia and New Zealand. • Presenting to business, universities and policy makers about measuring productivity, building economic resilience in Queensland and evidence-based public policy. • Publishing guidance on best practice consultation and regulation making.

Public inquiries and other referred work

The Commission conducted public inquiries and other referred work based on directions and terms of reference provided by the Treasurer. In 2020–21, the Queensland Treasurer issued one inquiry direction to the Commission.

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

The Commission's inquiry process provided 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).

Figure 1.2 Public inquiry process



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

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

Stakeholders were able stay in touch with the progress of an inquiry through the website and email and social media updates.

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		By 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 involved 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 examined 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.

Key findings from the draft report are summarised in Box 1.1.

Box 1.1 Key findings of the draft report of the NDIS Market in Queensland Inquiry

The key findings of the draft report were that:

- Stakeholders strongly supported the scheme—it had transformed the delivery of disability services by substantially increasing the funding for disability services in Queensland, affording access to support for the first time for half of Queensland participants, and providing greater choice and control for around three-quarters of Queensland participants.
- However, the scheme was still maturing and clear improvements in some areas which could be expected to take longer to develop—such as in employment, learning and accommodation—was less apparent.
- Balancing multiple, sometimes conflicting, objectives had also given rise to a regulatory and policy framework that was overly complex, insufficiently flexible and could be slow to respond. It introduced high policy and regulatory risk for providers, and constrained market mechanisms. A targeted and balanced approach to reforming aspects of the scheme was needed to secure the full potential of the NDIS and improved outcomes for participants.
- The 39 draft recommendations to improve market performance included:
 - clearly defining key terms such as ‘reasonable and necessary supports’
 - improving regulatory processes to unlock work, learning and other participation opportunities

- placing NDIS submarkets operating under competitive conditions on a pathway towards price deregulation
- encouraging participants, when capable, to self-manage plans, and removing price caps on participants on plan-managed plans who have the capacity to self-manage.
- making market information available and improving market coordination
- reviewing regulation and introducing a ‘provider guarantee’ to reduce policy and regulatory risk
- considering alternative approaches to the stewardship of NDIS markets which may not be viable in their current form.

To explain and seek feedback on the report’s findings and recommendations, the Commission briefed State and Commonwealth agencies involved in the regulation and operation of the NDIS, including the National Disability Insurance Agency, the NDIS Quality and Safeguards Commission, and relevant Queensland Government departments.

The Commission engaged with stakeholders in the broader community in December 2020 and early 2021, seeking feedback on the draft report to inform the preparation of the inquiry’s final report. The final report was delivered to the Queensland Government on 30 April 2021.

Over the course of the inquiry, the Commission consulted with around 500 stakeholders, holding:

- over one hundred meetings
- twelve virtual roundtables and focus group sessions with participants, providers and experts
- four regional visits—to Rockhampton, Townsville, Cairns and Cherbourg–Murgon—involving discussions with local participants and providers
- two days of public hearings, which applied a hybrid format of in-person attendance and videoconferencing to ensure safe access across the state and for persons with differing mobility capacities.

The Commission also received 70 written submissions and 11 comments.

The Commission adapted consultation arrangements to ensure that stakeholders could participate in the inquiry while maintaining social distancing requirements (see Box 1.2). Despite the disruption from the COVID-19 pandemic, the Commission was able to maintain a similar level of consultation as in previous inquiries.

Box 1.2 Stakeholder consultation—NDIS

Consultation for the inquiry into the NDIS market in Queensland presented challenges due to COVID-19. The Commission adopted innovative approaches to facilitate participation in the inquiry by a diverse range of stakeholders, including vulnerable groups such as people with disability.

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

- prepared three versions of the issues paper, with standard, accessible and easy read formats, tailored to the needs of the diverse stakeholder base of the inquiry
- provided for stakeholders to lodge web-based and video submissions, as well as the standard written submissions.

Recognising that physical meetings of large groups were not possible in a COVID-19 environment, the Commission used videoconferencing and held more small group discussions, rather than larger public fora.

For the public hearings held in February 2021, the Commission adopted a hybrid format with a combination of online video streaming and in-person attendance for both presenters and audience. This increased accessibility to the hearings, enabling a broader audience and range of presenters to be engaged, while ensuring COVID-19 social distancing restrictions were maintained.

These innovations were shown to be having 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.

To prepare the final report, the Commission consulted before and after the release of the issues paper (in June 2020), and after the release of the draft report (in November 2020).

The Commission presented its final report to the Queensland Government on 30 April 2021. In accordance with the inquiry process—as set out in the former QPC Act, the Government has indicated it will provide a response to the report within six months, after which the final report will be publicly released.

Research

The Commission initiated 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 two research papers and provided general regulatory and regulatory reform advice to Queensland Treasury.

Building economic resilience in Queensland

State and national economies have been heavily affected over the past couple of years by a series of external shocks from drought, bushfires and COVID-19. These shocks may have significant long-term consequences for the Queensland economy and have come during a time of low income and productivity growth.

This research paper provides a high-level framework to guide consideration of policy approaches to support a more productive and resilient Queensland economy.

The research paper suggests:

- there are strong positive links between the efficiency (and flexibility) of structural policy settings and economic resilience and growth—establishing the right settings for regulation, tax, infrastructure and labour markets promotes agility, enables stronger growth and builds resilience
- industry policy needs to carefully consider the application of ongoing support for industry which can introduce rigidities, discourage innovation and adaptation, and prop up uncompetitive businesses, that, in turn, can reduce resilience and retard productivity growth
- efficient and effective human services, such as health and education, can improve resilience by building human capital and enabling economic participation
- strong public sector governance is important for supporting confidence, maintaining efficient and effective service delivery and delivering reforms when they are needed.

Improving regulation in Queensland

The quality of regulation has a direct bearing on productivity and economic growth. Governments have therefore identified regulatory reform as a key element of economic policy responses to the impact of the COVID-19 pandemic.

The research examines the impact of regulation in Queensland and presents options to improve both regulatory design and administration, to support future growth.

The research found that:

- High regulatory costs and inefficient regulatory regimes can reduce competition, harm productivity and hinder economic recovery.
- Making and administering regulation accounts for a sizeable share of public spending. Improving state regulation provides an opportunity to improve public sector productivity and potentially free up resources to support the delivery of other public services.

- Improved regulatory outcomes can be delivered through a regulatory reform agenda encompassing:
 - a clear regulatory policy that specifies (measurable) objectives, defines clear roles and responsibilities for improving regulation and establishes mechanisms for monitoring and reporting progress
 - ongoing and targeted reviews of the stock of existing regulation in important areas to ensure regulation is still needed and is designed in a way that avoids unnecessary compliance costs and distortions
 - rigorous analysis and assessment of the impact of new regulations
 - mechanisms for improving the administration and enforcement of regulation to ensure that clear benefits are being achieved at least cost to the community.

Promoting public understanding of productivity

A key function of the Commission was to facilitate and promote productivity in Queensland—including to promote the public’s understanding of productivity, economic development and industry. How the Commission’s engaged with the community, to promote this understanding, is summarised in Box 1.3.

Box 1.3 The Commission—engaging with the community

Beyond the formal inquiry consultation process, the Commission adopted a stakeholder engagement strategy which included:

- the Commission's annual stakeholder engagement program led by the Principal Commissioner, involving consultation with industry and community peak bodies, heads of government agencies and other interested stakeholders to discuss productivity related policy and regulatory issues
- ongoing collaboration with Australian and New Zealand better regulation units
- quarterly meetings with the Australian, New Zealand, New South Wales and South Australian Productivity Commissions to discuss productivity issues and reform opportunities
- engaging with the Queensland Small Business Commissioner and the Better Regulation Taskforce
- delivering best practice regulatory review training to over 550 policy officers
- presenting to business, university and policy-makers—on evidence-based public policy, building economic resilience in Queensland and measuring productivity
- presenting to the secretariat staff of the Queensland Parliamentary Committee on best practice regulation
- delivering tailored training and guidance to agency project teams on developing best practice regulatory impact statements and post-implementation reviews.

Productivity reform in Australia and New Zealand: Barriers and opportunities

On 24 November, the Commission hosted a forum on the barriers and opportunities for productivity reform in Australia and New Zealand. The forum comprised presentations from nine expert speakers and a panel discussion featuring the Chairs of the Australian, New Zealand, New South Wales, Queensland and South Australian Productivity Commissions. The forum was attended by over 245 people, drawn from a wide range of government, industry, think tank, university and media organisations.

Key themes were:

- institutional barriers to reform
- the role of allocative efficiency in supporting real income growth
- the implications of our changing relationship with China and the potential impact on Australian incomes
- the potential for data and policy design to improve productivity and welfare outcomes
- the case for deregulation.

Regulatory review

Regulation is often necessary to achieve economic, social and environmental objectives. 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 level of analysis required is proportionate to the significance of likely impacts (see Box 1.3).

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

The Office of Best Practice Regulation (OBPR) supported agencies to apply effective and rigorous RIA in accordance with the guidelines. The OBPR provided 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.

On 2 June 2021, the OBPR transferred to the Office of Productivity and Red Tape Reduction in Queensland Treasury.

OBPR annual reporting

From 1 July 2020 to 1 June 2021, the OBPR reviewed and provided advice on 169 proposed regulatory amendments. Reporting below details the OBPR's review of regulatory proposals of a more significant nature, rather than all proposals reviewed.

Box 1.4 Proportionate analysis and consultation

The depth of analysis required is proportionate to the complexity and significance of the problem and the potential impacts of the proposal.

- Exclusions¹: many regulatory proposals are low-risk and excluded from in-depth regulatory impact assessment—for example, they may reduce the burden of regulation, or have already undergone an extensive impact assessment process.
- Preliminary impact assessment (PIA): for the remaining regulatory proposals, a preliminary impact assessment is undertaken to determine whether further analysis and engagement with the community would improve the development of the proposal. If the PIA indicates there are likely to be significant adverse impacts on a sector or sections of the community, a regulatory impact statement (RIS) should then be undertaken.
- A Regulatory Impact Statement is an analytical document prepared to inform consultation with stakeholders and provide robust evidence for government decision-makers. It includes an assessment of the costs and benefits of different options to address the policy problem and identifies the best option with the highest net benefit for the community. A post-implementation review (PIR) is similar in scale and scope to a RIS but is prepared after a regulation is implemented.

Regulatory impact statements

A 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 OBPR reviewed RISs and PIRs and provided formal advice on their adequacy to inform consultation and decision-making.

From 1 July 2020 to 1 June 2021, the OBPR formally assessed four RISs/PIRs:

- a post-implementation review of the *Strong and Sustainable Resource Communities Act 2017* (Consultation PIR)
- dispute resolution for residential embedded network customers (Decision RIS)
- Local Government Waste Management Reforms (Decision RIS)
- *Residential Tenancies and Rooming Accommodation Act 2008* Review RIS (Decision RIS).

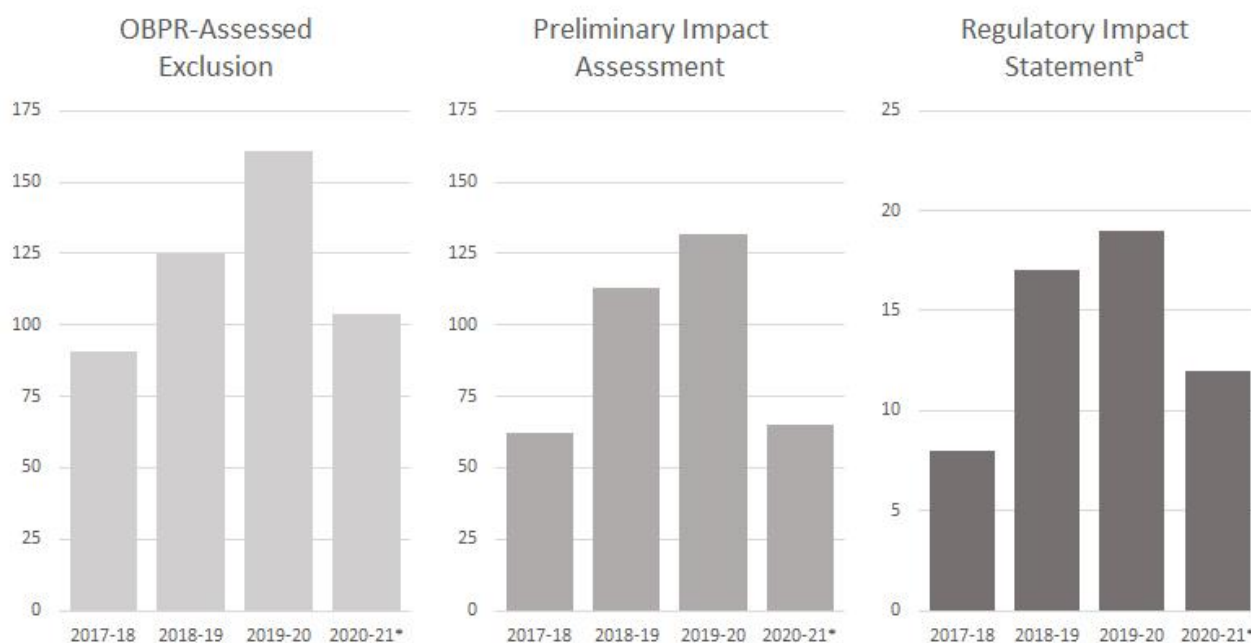
The OBPR issued three letters of adequacy. One PIR did not meet the adequacy criteria.

¹ The terms 'exclusion' and 'exemption' are often confused. Exclusions relate to low risk proposals with negligible adverse impacts—no regulatory impact analysis is necessary. In contrast, exemption of a proposal from regulatory impact analysis and consultation—even though it may have significant impacts—can only be granted by Cabinet.

Comparison to prior years

A year-on-year decline in the volume of all types of regulatory review assessments was observed from 1 July 2020 to 1 June 2021. Figure 1.3 presents regulatory proposals received during the period, some of which are still under development. The lower volume of assessments observed in 2020–21 is standard in a year with a caretaker period.

Figure 1.3 Year-on-year count of regulatory review submissions to the OBPR



* All 2020–2021 figures are for a part-year—1 July 2020 to 1 June 2021.

^a Includes post implementation reviews

Exemptions

The guidelines provide for Cabinet to provide exemptions in exceptional circumstances including the need to urgently implement government policy priorities or in 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, they may place conditions on the exemption, such as a requirement to complete a Post-Implementation Review (PIR).

From 1 July 2020 to 1 June 2021, the Queensland Government exempted 15 regulatory proposals from the RIA process (based on data provided by government departments to OBPR). Some regulations introduced in response to COVID-19 were subject to exemptions (Box 1.5).

Box 1.5 COVID-19 amendments

A public health emergency was declared on 29 January 2020 due to the COVID-19 pandemic; the period of the declared public health emergency has since been extended seven times to 29 June 2021.

The *Public Health and Other Legislation (Public Health Emergency Amendment Act) 2020* provided the Chief Health Officer powers to give public health directions to 'assist in containing, or to respond to, the spread of COVID-19 within the community'. The directions may restrict the movement of persons and contact between persons, require persons to stay at or in a stated place or to not enter or stay at or in a stated place, and other directions the Chief Health Officer considers necessary to protect public health.

As of 1 June 2021, there were 23 active Chief Health Officer public health directions, and 227 revoked and superseded public health directions.

Additional regulatory changes to address the COVID-19 emergency included:

- economic support measures such as direct financial support, temporary waiving or reduction of taxes, fees and charges and temporary expansion of licence conditions (such as on takeaway liquor sales)
- administrative streamlining measures, including allowing use of electronic communications technologies to send documents instead of facsimile
- measures to allow agencies, businesses, and the community to comply with modified requirements consistent with public health directions, including relaxing physical attendance requirements and extending statutory timeframes
- measures to require people pay fees incurred for quarantining measures.

Agency-assessed exclusions

In limited circumstances, agencies may self-exclude a regulatory proposal from further 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 2020 audit found agencies had improved their ability to adequately assess exclusions since the 2018 and 2017 audits. OBPR provided agencies with advice, where needed, on how to improve assessments of exclusions.

OBPR's agency-assessed exclusions portal allows agencies to register their exclusions online. The portal is a shared resource that enabled the OBPR to provide more timely oversight and support to agencies in their analysis and application of exclusions to low-impact regulatory proposals. The portal replaces the need for agencies to separately provide the agency exclusions register to OBPR on request for auditing.

The OBPR provided training on the platform and assisted agencies in their application of Queensland's regulatory review framework under the guidelines.

Building agencies' capability

Training and guidance

From 1 July 2020 to 1 June 2021, the OBPR provided seven training sessions, that were open to all Queensland Government agencies and attended by 554 policy makers. The training focused on best practice regulatory principles and how regulatory impact analysis (RIA) is implemented in Queensland under the guidelines.

In response to COVID-19 social distancing and travel restrictions, these sessions were streamed to government policy officers via online webinars.

Targeted RIS, PIR and cost-benefit analysis workshops were delivered to 85 policy officers across 16 departmental teams to support their development of major regulatory impact analysis projects.

Supplementing the guidelines, there are 11 guidance notes, which provide more detail on key steps of regulatory impact analysis, as well as templates to help agencies present a regulatory proposal for assessment.

In the period, 1 July 2020 to 1 June 2021, the OBPR published a new guidance note on *Best Practice Consultation* and updated the guidance note on PIRs. A new template was developed and published for agencies undertaking sunset reviews of expiring subordinate legislation.

Regulator performance framework

In May 2019, the Queensland Government requested that the Commission support the implementation of the Regulator Performance Framework (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.

There were 20 regulators in scope of the RPF in 2020–21 and required to report their 2019–20 results. The OBPR was the key point of contact for regulators seeking clarification of the RPF's requirements, and for external stakeholder inquiries or issues raised in relation to the regulator performance reports. Links to the regulator performance reports were collectively published on the Commission's website each year.

Preliminary work commenced on a review of the Regulator Performance Framework.

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 was also responsible for the Queensland Government's competitive neutrality complaints mechanism. Under the mechanism, the Commission could receive, investigate and provide recommendations on complaints about the alleged failures of government complying with the principle of competitive neutrality. The Commission followed the relevant legislation and government policies when it managed complaints. Any action taken was ultimately a matter for the state or local government.

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

The Commission provided advice to business, state and local governments on a range of competitive neutrality enquiries and issues. There were no investigations conducted in the period, 1 July 2020 to 1 June 2021 and there were no outstanding competitive neutrality complaints as of 1 June 2021.

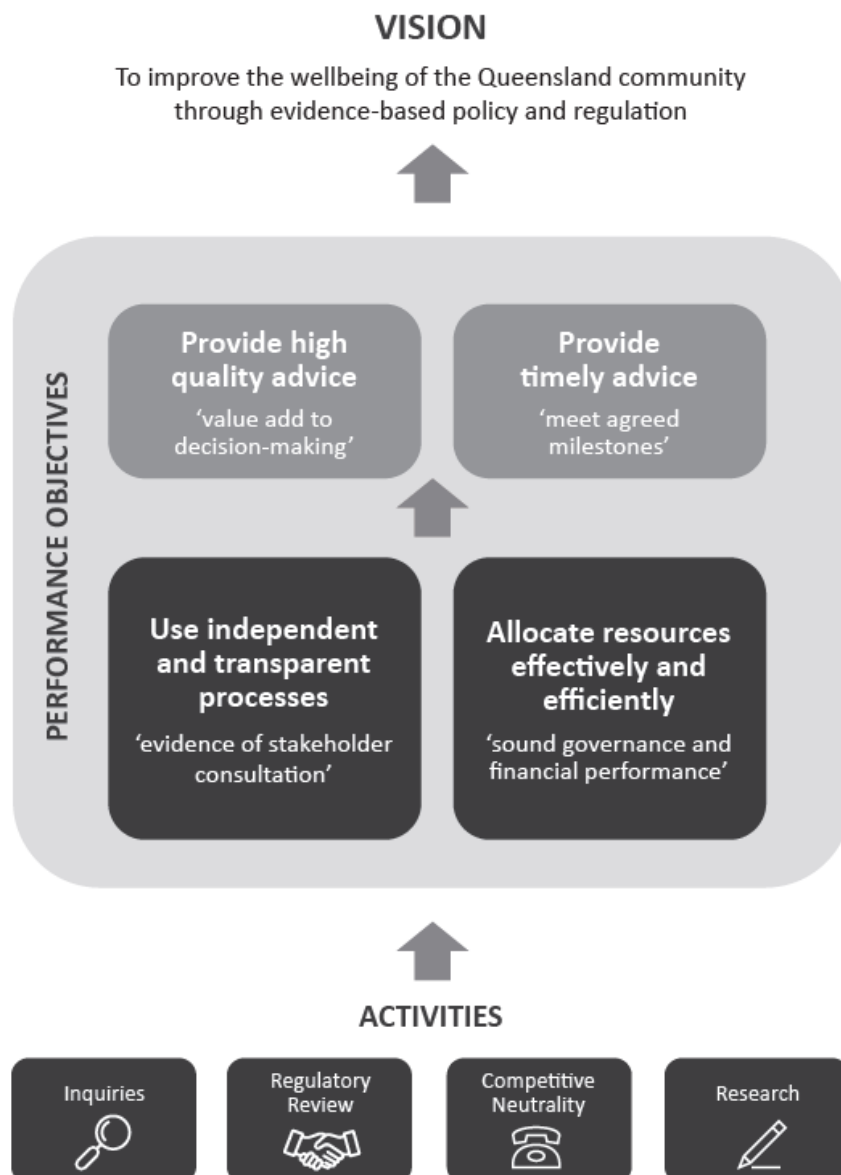
On 2 June 2021, the competitive neutrality function transferred to the Queensland Competition Authority (QCA). Commission staff briefed the QCA on the function ahead of the handover.

Performance statement

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

In undertaking these activities, the Commission sought to achieve four key performance objectives—provide high quality advice, provide timely advice, use independent and transparent processes, and allocate resources efficiently and effectively.

Figure 1.4 Performance Framework



Performance measures

The nature of the Commission's work makes direct measurement of performance challenging.

First, much of the Commission's work was externally initiated. Public inquiries were undertaken at the direction of the Queensland Government, advice on regulatory proposals was usually at the request of government agencies, and competitive neutrality investigations were normally initiated by an external complainant. Second, as an advisory body, performance primarily relied on the quality of the Commission's advice, which was difficult to accurately measure as there are limited direct indicators of performance.

Nevertheless, the Commission used a suite of indirect indicators that, together with the discussion in the rest of this report, provides an overall indication of the Commission's performance (Table 1.2).

Table 1.2 Performance measures from 1 July 2020 to 1 June 2021

Measure	From 1 July 2020 to 1 June 2021	Comment
Provide high quality advice		
Inquiry/review reports and research papers completed	4	The Commission completed reports for the inquiry into the NDIS market in Queensland (draft and final reports). Two research papers were published: Building economic resilience in Queensland and Improving regulation.
Regulatory assessments	169	Assessments under the Queensland Government Guide to Better Regulation.
RIA training	554	Number of policy officers who attended RIA training.
	91%	Attendees found the training useful or very useful.
Competitive neutrality complaint investigations	–	Investigations are initiated by complaints by the public, and the number can vary from year to year.
Provide timely advice		
Commissioned inquiry/review deadlines met	100%	Milestones are sourced from terms of reference or the QPC Act. From 1 July 2020 to 1 June 2021, all timeframes were met.
Average time to complete regulatory impact analysis assessments (target 9–25 days)	7 days	Time to assess proposals varies according to complexity. On average, exclusions were assessed in 6 business days, PIAs in 8 days (91 per cent were assessed with 15 days) and RISs were assessed in 27 days. Time taken may not correspond to OBPR effort (e.g. it includes time for agencies to provide further information and where proposals are suspended).
Follow independent and transparent processes		
Meetings and roundtables with key stakeholders	>500	
Submissions received— inquiries and reviews	70	
Contributions to public debate		From 1 July 2020 to 1 June 2021, there were over 60,000 views of the Commission's website, over 220 distinct media mentions, and 20 parliamentary mentions.
Resources allocated efficiently and effectively — managing resources to deliver value for money		
<p>From 1 July 2020 to 1 June 2021, the Commission's expenditure was \$4.2 million, with a surplus achieved for the year. Expenditure, including performance against budget, was reported monthly to the Board.</p> <p>From 1 July 2020 to 1 June 2021, the total cost estimate (including a full allocation for all overheads) of the inquiry into the NDIS market in Queensland was \$1.5 million.</p>		

Corporate matters

Governance

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

The Board comprised the Principal Commissioner and other Commissioners, as appointed by the Governor in Council. A maximum of three commissioners could have been appointed.

The Board was 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*.

Box 1.6 About the Board

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

- 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.

Table 1.3 Board meetings from 1 July 2020 to 1 June 2021

Board meetings	Number
In session	10
Out of session	1
Total	11

The Executive Director was responsible for the management of the Commission and reported to the Board.

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

Governance framework

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

Figure 1.5 The Commission's governance framework



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

Risk management and accountability

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

The Commission remained committed to effective risk management and proactively identified and monitored risks that may have affected its ability to meet its strategic objectives. As the Commission was a small organisation, it did 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 applied the Commission's Risk Management Framework and considered areas of potential risk exposure, assessed them in terms of severity and probability, and ensured arrangements were in place to manage risks.

An entity-wide risk register was maintained and reviewed by the senior management team on an annual basis and included risk mitigating strategies assigned to each risk.

Business continuity and COVID-19

As the COVID-19 situation evolved throughout the reporting period, the Commission took precautionary measures to ensure the safety of staff and continuity of operations. The Commission's measures were informed by recommendations from the Australian and Queensland Governments on how to minimise the potential impacts of the virus.

The guiding principles continued to be: “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 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 also adapted its external consultation delivery model to ensure all stakeholders were able to engage safely with the Commission.

Corporate governance initiatives

From 1 July 2020 to 1 June 2021, the Commission developed and executed a robust corporate work program, which included the following governance initiatives:

- Continued development and implementation of the 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 appropriately 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.
- Continued development and implementation of the Commission’s external communication plan with an emphasis on stakeholder engagement and public awareness of the Commission and its mandate.
- Refresh of the Commission’s business continuity planning reflecting the current economic and health environment.
- Under COVID-19, the Commission adapted its consultation model to support the Commission’s external engagement and outreach activities.

Following receipt of a direction from the Treasurer, the Board and the Commission’s corporate team were involved in transition planning, in coordination with Queensland Treasury, for the establishment of the Commission’s functions within Queensland Treasury as the Office of Productivity and Red Tape Reduction.

Human Rights Act

The Commission did not receive any human rights complaints in the period from 1 July 2020 to 1 June 2021.

Financial performance

From 1 July 2020 to 1 June 2021, the Commission’s income was \$4.3 million (largely from Queensland Government funding) and total expenditure was \$4.2 million. The surplus for the period 1 July 2020 to 1 June 2021 was \$77,000.

As illustrated in Figure 1.6, wages and salaries were the largest component of the Commission’s costs (81 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, was reported monthly to the Board.

Figure 1.6 Expenditure categories—from 1 July 2020 to 1 June 2021

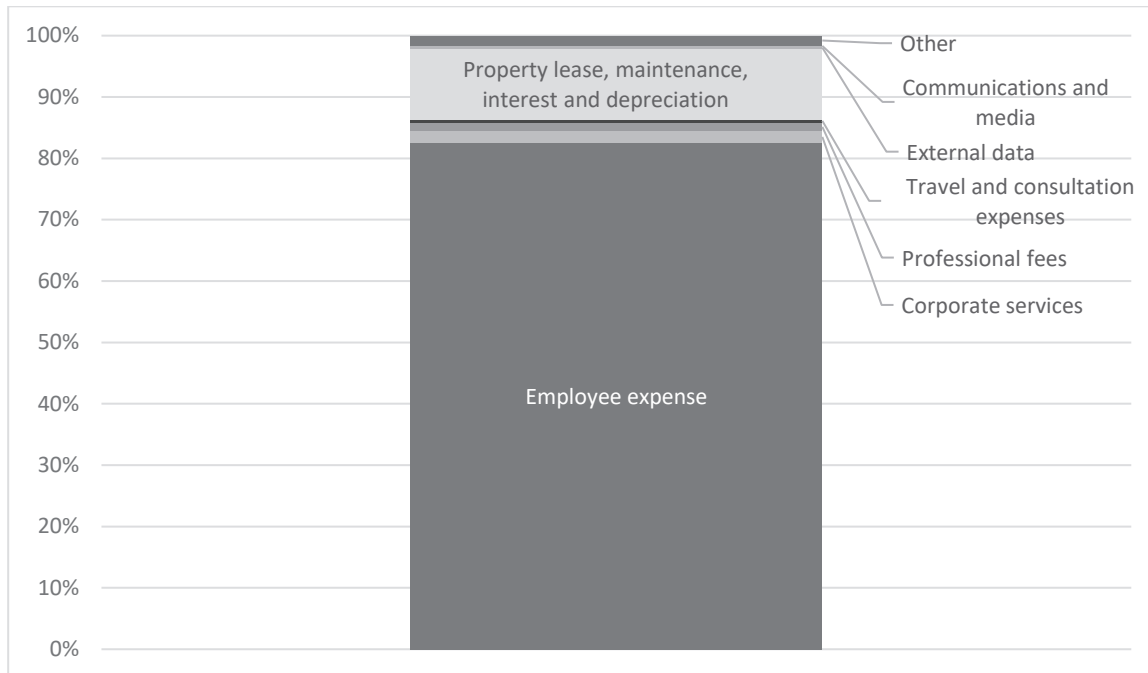
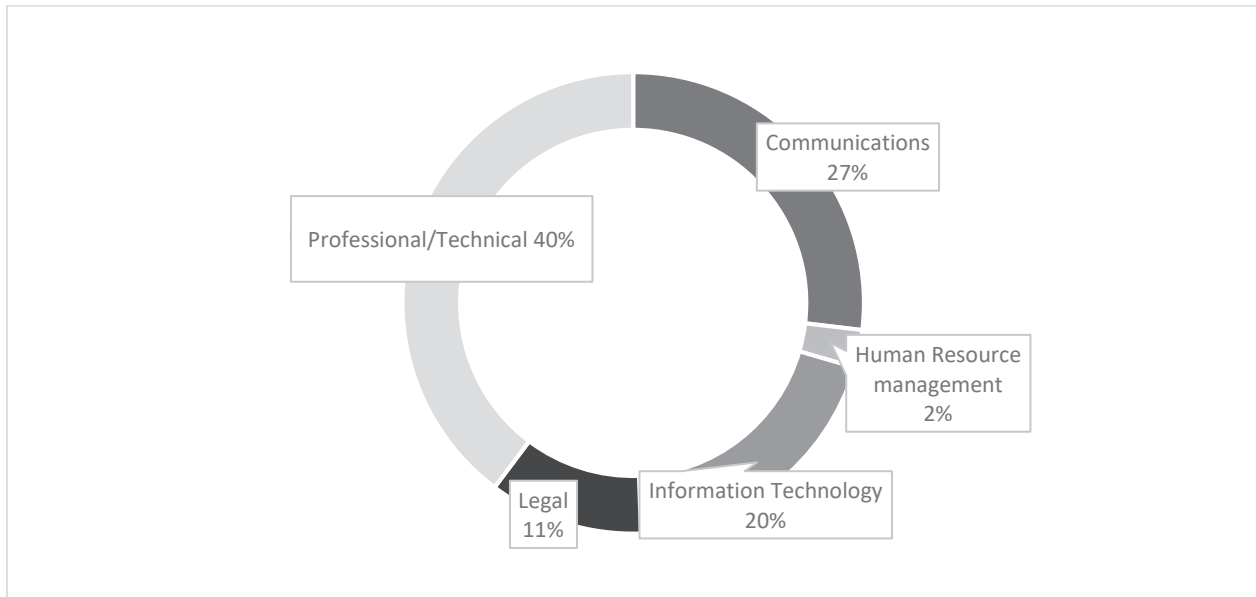


Figure 1.7 Expenditure on consultants from 1 July 2020 to 1 June 2021



Our employees

Workforce profile and staffing

As at 1 June 2021, the Commission had 22 full and part-time employees (20.6 FTE). This comprised one Principal Commissioner (1 FTE), an Executive Director (1 FTE), Economists/Analysts (16.2 FTE) and Finance and Corporate (2.4 FTE).

The Commission adjusted resources depending on the tasks referred by the government. Interchange opportunities were offered to Queensland Government employees as well as short-term contracts to appropriately skilled external applicants.

Strategic workforce planning and performance

There were no new staff appointments in the period, 1 July 2020 to 1 June 2021. Reflecting the Government's intention to transition the Commission to Treasury, the Commission was directed by the Treasurer to consult Treasury on recruitment of any new staff.

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

Flexible work arrangements

The Commission provided for flexible work practices to maximise employees' productivity and help employees balance work with other commitments. This flexibility was extended during COVID-19 and included flexible work hours, ongoing part-time work and purchased leave (up to an additional four weeks of leave per year). Employees could also work from home, subject to organisational requirements.

Investing in the development of people

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

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

Early retirement, redundancy and retrenchment

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

**Queensland Productivity Commission
Final financial statements
for the period ended 1 June 2021**

Queensland Productivity Commission

Final financial statements - 1 June 2021

Contents

	Page
Final financial statements	
Final statement of comprehensive income	33
Final statement of financial position	34
Final statement of changes in equity	35
Final statement of cash flows	36
Notes to the final financial statements	37
Management certificate	48
Independent auditor's report to the Board	49

Queensland Productivity Commission
Final statement of comprehensive income
For the period ended 1 June 2021

	Notes	1 Jul 2020 to 1 Jun 2021 \$'000	1 Jul 2019 to 30 Jun 2020 \$'000
Funding	3	4,289	5,361
Interest income		12	27
Other income		1	6
Total income		4,302	5,394
Employee expense	4	(3,488)	(3,702)
Supplies and services	6	(265)	(550)
Depreciation expense	8	(462)	(504)
Interest expense on leases	8	(9)	(20)
Total expenses		(4,224)	(4,776)
Operating result		78	618
Other comprehensive income for the period		-	-
Total comprehensive income for the period		78	618

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

Queensland Productivity Commission
Final statement of financial position
As at 1 June 2021

		1 June 2021 \$'000	30 June 2020 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		1,111	1,326
Receivables	7	97	73
Right-of-use assets	8	168	-
Total current assets		<u>1,376</u>	<u>1,399</u>
Non-current assets			
Right-of-use assets	8	-	630
Total non-current assets		<u>-</u>	<u>630</u>
Total assets		<u>1,376</u>	<u>2,029</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	28	189
Employee benefit obligations	10	-	95
Lease liabilities	8	180	518
Provisions	11	25	-
Total current liabilities		<u>233</u>	<u>802</u>
Non-current liabilities			
Lease liabilities	8	-	137
Provisions	11	-	25
Total non-current liabilities		<u>-</u>	<u>162</u>
Total liabilities		<u>233</u>	<u>964</u>
Net assets		<u>1,143</u>	<u>1,065</u>
EQUITY			
Contributed equity		7	7
Retained earnings		<u>1,136</u>	<u>1,058</u>
Total equity		<u>1,143</u>	<u>1,065</u>

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

Queensland Productivity Commission
Final statement of changes in equity
For the period ended 1 June 2021

	Notes	Contributed equity \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 July 2019		7	446	453
Adjustment on adoption of AASB 16 Leases		-	(6)	(6)
Restated total equity at the beginning of the financial period		7	440	447
Operating result		-	618	618
Total comprehensive income for the period		-	618	618
Balance at 30 June 2020		7	1,058	1,065
Balance at 1 July 2020		7	1,058	1,065
Operating result		-	78	78
Total comprehensive income for the period		-	78	78
Balance at 1 June 2021		7	1,136	1,143

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

Queensland Productivity Commission
Final statement of cash flows
For the period ended 1 June 2021

	1 Jul 2020 to 1 Jun 2021 \$'000	1 Jul 2019 to 30 Jun 2020 \$'000
Notes		
Cash flows from operating activities		
Funding	4,290	5,414
Goods and services tax input tax credits from Australian Tax Office	81	128
Interest received	12	27
Total inflows from operating activities	<u>4,383</u>	<u>5,569</u>
Employee expenses	(3,633)	(3,853)
Supplies and services	(404)	(542)
Goods and services tax paid to suppliers	(78)	(110)
Interest paid	(9)	(20)
Total outflows from operating activities	<u>(4,124)</u>	<u>(4,525)</u>
Net cash inflow from operating activities	16 <u>259</u>	<u>1,044</u>
Cash flows from financing activities		
Principal elements of lease payments	(474)	(485)
Net cash (outflow) from financing activities	<u>(474)</u>	<u>(485)</u>
Net (decrease) increase in cash and cash equivalents	(215)	559
Cash and cash equivalents at the beginning of the financial period	<u>1,326</u>	<u>767</u>
Cash and cash equivalents at end of period	<u>1,111</u>	<u>1,326</u>

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

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021

Contents of the notes to the final financial statements

	Page
1 Objectives of the Commission	38
2 Summary of significant accounting policies	38
3 Funding	40
4 Employee expenses	40
5 Key management personnel disclosures	41
6 Supplies and services	42
7 Receivables	43
8 Leases	43
9 Trade and other payables	45
10 Employee benefit obligations	45
11 Provisions	45
12 Financial risk management	46
13 Remuneration of auditors	46
14 Related party transactions	47
15 Events occurring after the reporting period	47
16 Cash flow information	47

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
(continued)

1 Objectives of the Commission

The role of the Commission was 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 included:

- 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 final financial statements to the extent they are not disclosed in the other notes. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) General information

These are the final financial statements of the Queensland Productivity Commission ("the Commission"), as an individual entity and cover the period of operations from 1 July 2020 until legislative repeal on 1 June 2021.

During the reporting period the Commission was a not-for-profit independent statutory body established under the *Queensland Productivity Commission Act 2015* ("QPC Act"). In September 2020, the Queensland Treasurer announced an intention to integrate the Commission's functions into Queensland Treasury as the Office of Productivity and Red Tape Reduction. Repealing legislation, *Debt and Saving Measures Act 2021*, received royal assent on 2 June 2021 and effected the repeal of the QPC Act and the abolishment of the Commission.

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

Queensland Productivity Commission
Level 25, 1 William Street
Brisbane, Queensland, 4000.

(b) Basis of preparation

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

These final 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 2020.

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 former Principal Commissioner and former Executive Director at the date of signing the Management Certificate.

(i) Historical cost convention

These final 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.

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
(continued)

2 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

(ii) Going concern

As a result of the legislative repeal of the QPC Act outlined in note 1(a), the Commission is no longer considered a going concern. While it is not a going concern, these final financial statements have been prepared consistent with the going concern basis, as the transferred functions and services are expected to continue to operate into the foreseeable future as the Office of Productivity and Red Tape Reduction within Queensland Treasury. The competitive neutrality function of the Commission has transitioned to the Queensland Competition Authority.

The values of assets and liabilities reported in these financial statements at 1 June 2021 represent their carrying amounts immediately before transfer to Queensland Treasury and recognised by the recipient department, Queensland Treasury.

(iii) Critical accounting estimates

The preparation of final 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 final financial statements, are disclosed in note 11.

(iv) New and amended standards adopted by the Commission

No new standards were applied for the first time that had a material impact on the financial statements.

(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 final statement of financial position (refer to note 7).

(d) Cash and cash equivalents

For the purposes of the final statement of financial position and the final statement of cash flows, cash assets include all cash and cheques receipted but not banked at the end of the reporting period, 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 final 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 final financial statements
1 June 2021
 (continued)

3 Funding

	1 Jul 2020 to 1 Jun 2021 \$'000	1 Jul 2019 to 30 Jun 2020 \$'000
State Government grants	4,289	5,361
Total revenue from continuing operations	4,289	5,361

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.

4 Employee expenses

	1 Jul 2020 to 1 Jun 2021 \$'000	1 Jul 2019 to 30 Jun 2020 \$'000
Employee benefits expenses		
Wages, salaries and allowances	2,690	2,801
Employer superannuation contributions	312	340
Annual leave and long service leave levies	290	329
Employee related taxes and other expenses	196	232
	3,488	3,702

(a) Employees

The number of employees as at balance date of 1 June 2021, including both full-time and part-time employees measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) is:

	2021	2020
Number of employees	20.6	22.4

(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.

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
 (continued)

4 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.

5 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 reporting period. 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.

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 final financial statements
1 June 2021
(continued)

5 Key management personnel disclosures (continued)

(a) Key management personnel compensation (continued)

2021 (1 July 2020 to 1 June 2021)	Short-term employee benefits		Post-employment benefits	Long-term benefits	Termination benefits	Total
	Cash salary \$'000	Non-monetary benefits \$'000		Long service leave \$'000		
Name			Super-annuation \$'000			
Principal Commissioner	314	9	40	7	-	370
Executive Director	223	9	21	5	-	258
Total key management personnel compensation	537	18	61	12	-	628

2020 (1 July 2019 to 30 June 2020)	Short-term employee benefits		Post-employment benefits	Long-term benefits	Termination benefits	Total
	Cash salary \$'000	Non-monetary benefits \$'000		Long service leave \$'000		
Name			Super-annuation \$'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
Total key management personnel compensation	712	17	72	16	-	817

* 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 period ended 1 June 2021 (2020: nil).

(c) Performance payments

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

6 Supplies and services

	1 Jul 2020 to 1 Jun 2021 \$'000	1 Jul 2019 to 30 Jun 2020 \$'000
Corporate services	80	97
Professional fees	58	182
Software and database licensing	32	30
Travel and consultation expenses	25	15
Property lease and maintenance expenses	12	12
External data	17	70
Communications and media	7	11
Office and ICT equipment	6	105
Other	28	28
	265	550

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
 (continued)

7 Receivables

	1 June 2021 \$'000	30 June 2020 \$'000
Other receivables	41	-
Goods and services (GST) receivable	8	11
Leave reimbursements	40	9
Prepayments	8	53
	<u>97</u>	<u>73</u>

(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 of 1 June 2021 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 period end, there are no impaired nor past due but not impaired receivables.

8 Leases

(a) Amounts recognised in the statement of financial position

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

	1 June 2021 \$'000	30 June 2020 \$'000
Right-of-use assets		
Office premises	168	630
	<u>168</u>	<u>630</u>
Lease liabilities		
Current	180	518
Non-current	-	137
	<u>180</u>	<u>655</u>

Additions to the right-of-use assets during the 2021 financial period were \$nil.

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
 (continued)

8 Leases (continued)

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

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

	1 Jul 2020 to 1 Jun 2021 \$'000	1 Jul 2019 to 30 Jun 2020 \$'000
Depreciation charge of right-of-use assets		
Office premises	<u>462</u>	<u>504</u>
Interest expense	<u>9</u>	<u>20</u>

(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.

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 period.

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.

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
(continued)

8 Leases (continued)

(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. Upon royal assent of the *Debt Reduction and Savings Act 2021* on 2 June 2021, all liabilities of the Commission immediately before royal assent become liabilities of the State.

9 Trade and other payables

	1 June 2021 \$'000	30 June 2020 \$'000
Trade and other payables	3	109
Accrued expenses	18	55
Payroll tax and other statutory liabilities	7	25
	<u>28</u>	<u>189</u>

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.

10 Employee benefit obligations

	1 June 2021 \$'000	30 June 2020 \$'000
Annual leave levy payable	-	75
Long service leave levy payable	-	20
	<u>-</u>	<u>95</u>

11 Provisions

	Current \$'000	1 June 2021 Non- current \$'000	Total \$'000	Current \$'000	30 June 2020 Non- current \$'000	Total \$'000
Make good provision	25	-	25	-	25	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.

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
(continued)

12 Financial risk management

Financial assets and financial liabilities are recognised in the final 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 final 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:

		1 June 2021 \$'000	30 June 2020 \$'000
	Notes		
Financial assets			
Cash and cash equivalents		1,111	1,326
Receivables	7	89	20
		1,200	1,346

		1 June 2021 \$'000	30 June 2020 \$'000
	Notes		
Financial liabilities			
Trade and other payables	9	28	189
		28	189

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

13 Remuneration of auditors

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

Queensland Audit Office

	1 Jun 2021 \$'000	30 Jun 2020 \$'000
Audit of financial statements	17	17
Total remuneration for audit services	17	17

The audit fee quoted by the QAO relating to the 2020-21 financial statements is \$17,425.

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

Queensland Productivity Commission
Notes to the final financial statements
1 June 2021
 (continued)

14 Related party transactions

Transactions with other Queensland Government-controlled entities

The Commission's primary ongoing source of funding from Government (refer note 3) 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 \$79,541 (2020: \$96,528) as detailed in note 6.

The Commission has entered into a property sub-lease with the Queensland Competition Authority (QCA) in relation to the lease of its former office premises, as detailed in note 8.

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.

15 Events occurring after the reporting period

As a result of the *Debt and Saving Measures Act 2021*, which was passed on 2 June 2021, the *Queensland Productivity Act 2015* was repealed and the Commission abolished. After this time, the assets and liabilities of the Commission became assets and liabilities of Queensland Treasury.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Commission, the results of those operations or the state of affairs of the Commission in subsequent financial periods.

16 Cash flow information

Reconciliation of operating result to net cash inflow from operating activities

	1 June 2021 \$'000	30 June 2020 \$'000
Profit for the period	78	618
Adjustments for:		
Depreciation	462	504
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(24)	10
(Decrease)/increase in trade and other payables	(162)	53
Decrease in other operating liabilities	(95)	(141)
Net cash inflow from operating activities	259	1,044

**Queensland Productivity Commission
Management certificate
1 June 2021**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 45 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 final financial statements and notes 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 period ended 1 June 2021 and of the financial position of the entity at the end of that period.

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
Former Principal Commissioner

26/7/ 2021



Kristy Bogaards
Former Executive Director

26/7/ 2021



INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Treasury

Report on the audit of the final financial report

Opinion

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

In my opinion, the final financial report:

- a) gives a true and fair view of the entity's financial position as at 1 June 2021, and its financial performance and cash flows for the final period 1 July 2020 to 1 June 2021
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The final financial report comprises the statement of financial position as at 1 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the final period 1 July 2020 to 1 June 2021, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate given by the Former Principal Commissioner and the Former Chief Financial Officer.

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 final 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.

Emphasis of matter – abolition of Queensland Productivity Commission

I draw attention to Note 2(a) of the final financial report, which discloses that the Queensland Productivity Commission was abolished by the *Debt Reduction and Savings Act 2021* on 2 June 2021.

Ongoing operations of the Commission were transferred to Queensland Treasury and the Queensland Competition Authority from 2 June 2021. All assets and liabilities were transferred to Queensland Treasury at their carrying values at this time. As a result, the final financial report was prepared on a basis consistent with the going concern basis.

My opinion is not modified in respect of this matter.



Responsibilities of the entity for the financial report

The former Board was 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 former Board determined was necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The former Board was 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 final financial report

My objectives are to obtain reasonable assurance about whether the final 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 final 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 final 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 final 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 final financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicated with the former 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 period ended 1 June 2021:

- 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.



Paul Christensen
as delegate of the Auditor-General

27 July 2021

Queensland Audit Office
Brisbane

Glossary

ARRs	Annual report requirements for Queensland Government agencies
Commission	Queensland Productivity Commission
FAA	<i>Financial Accountability Act 2009</i>
FTE	Full time equivalent
FPMS	<i>Financial and Performance Management Standard 2019</i>
GOCs	Government Owned Corporations
Guidelines	Queensland Government Guide to Better Regulation
ISSN	International Standard Serial Number
OBPR	Office of Best Practice Regulation
NDIS	National Disability Insurance Scheme
PIA	Preliminary Impact Assessment
PIR	Post Implementation Review
QPC	Queensland Productivity Commission
QPC Act	<i>Queensland Productivity Commission Act 2015</i>
RIA	Regulatory Impact Analysis
RIS	Regulatory Impact Statement

Appendix A: Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	i
Accessibility	Table of contents	ARRs – section 9.1	ii
	Glossary		55
	Public availability	ARRs – section 9.2	Inside cover 55
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	55
	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
General information	Introductory Information	ARRs – section 10	2–3
Non-financial performance	Government’s objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	3
	Agency objectives and performance indicators	ARRs – section 11.2	21–23
	Agency service areas and service standards	ARRs – section 11.3	20
Financial performance	Summary of financial performance	ARRs – section 12.1	26–28
Governance – management and structure	Organisational structure	ARRs – section 13.1	4–5
	Executive management	ARRs – section 13.2	4–5
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	N/A
	Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	29
	Human Rights	<i>Human Rights Act 2019</i> ARRs — section 13.5	26
	Queensland public service values	ARRs – section 13.6	29
	Risk management	ARRs – section 14.1	25–26

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	Audit committee	ARRs – section 14.2	25-26
	Internal audit	ARRs – section 14.3	25-26
	External scrutiny	ARRs – section 14.4	25-26
	Information systems and recordkeeping	ARRs – section 14.5	25-26
	Information Security attestation	ARRs - section 14.6	N/A
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	29
	Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	29
Open Data	Statement advising publication of information	ARRs – section 16	55
	Consultancies	ARRs – section 33.1	28
	Overseas travel	ARRs – section 33.2	N/A
	Queensland Language Services Policy	ARRs – section 33.3	55
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	31–48
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	49–51

Annual report access

Additional copies

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

Email OPRTR@treasury.qld.gov.au

Mail Executive Support
Office of Productivity and Red Tape Reduction
PO Box 611
BRISBANE QLD 4003

Tel (07) 3035 3487

Open data

Further information on the following is available through the Queensland Government's Open Data website: data.qld.gov.au:

Consultancies for the period 1 July 2020 to 1 June 2021.

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) 3035 3487 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 OPRTR@treasury.qld.gov.au.



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