

Summary Impact Analysis Statement

Lead department	Queensland Treasury
Name of the proposal	Sunset review of <i>Government Owned Corporations Regulation 2014</i>
Submission type	Summary Impact Analysis Statement
Title of related legislative or regulatory instrument	<i>Government Owned Corporations Regulation 2014</i>
Date of issue	July 2024

What is the nature, size and scope of the problem? What are the objectives of government action?

Sunset review of *Government Owned Corporations Regulation 2014*

The *Government Owned Corporations Regulation 2014* (**2014 GOC Regulation**) expires on 1 September 2024 in accordance with section 54 of the *Statutory Instruments Act 1992*.

A sunset review was undertaken to assess the efficiency, effectiveness of, and ongoing need for the 2014 Regulation, including whether it should be remade and if so, what amendments to the existing regulation should be proposed. The objective of the review was to ensure that any replacement regulation continues to support the effective operations of the *Government Owned Corporations Act 1993* (**GOC Act**), and remains contemporary and fit for purpose.

As part of the sunset review, a regulatory impact analysis was developed and is summarised below.

1. Problem definition

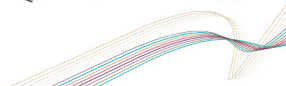
The GOC Act allows government entities to be prescribed by regulation as government owned corporations (**GOCs**). GOCs have a board of directors and are subject to the *Corporations Act 2001* (Cth), but are also subject to legislated oversight by the State through the GOC Act and its regulations, and are subject to other legislation expressed to apply to GOCs in whole or part. GOCs are also subject to government policies and governance frameworks applied to GOCs under the GOC Act.

The 2014 GOC Regulation plays a vital role in support of the GOC Act, allowing nominated government entities to be prescribed as GOCs and to apply tailored financial reporting standards to GOCs.

Without a GOC Act regulation that nominates government entities to be prescribed as GOCs (so that the relevant legislation and policies apply to those GOCs), the GOC Act is unable to achieve its policy-intended functions for existing GOCs including:

- clarity of objectives;
- management autonomy and authority;
- strict accountability for performance; and
- competitive neutrality.

Relative to the base case of no regulation, the 2014 GOC Regulation is currently relevant, effective and efficient in supporting the GOC Act in achieving its function and intent.



2. Identified issues and changes

The sunset review of the 2014 GOC Regulation identified three parts that should be changed due to developments since the 2014 GOC Regulation was made. They are:

- Removing all references to SPARQ Solutions Pty Ltd as a prescribed subsidiary and WorkCover Queensland as a candidate GOC.
 - *SPARQ Solutions Pty Ltd is a prescribed subsidiary of Energy Queensland Limited (EQL). Its initial purpose was to provide corporate services functions to former GOCs, Energex Limited and Ergon Energy Corporation Limited. Following the merger of these businesses and establishment of EQL, the subsidiary is currently non-operative.*
 - *WorkCover has been nominated as a candidate GOC under successive GOC regulations since 1997 (when constituted under the now repealed WorkCover Queensland Act 1996). Candidate GOC provisions within the GOC Act allow for transitional arrangements in creating new GOCs. There are currently no plans to convert WorkCover to a GOC and there is no current government policy mandate to progress or to investigate corporate redesign.*
- Repealing sections 3 to 6 and Schedule 2
 - *With the removal of SPARQ Solutions Pty Ltd and WorkCover Queensland, there will be no prescribed subsidiary or candidate GOC, making these provisions unnecessary.*
- Ensuring the replacement regulation aligns with the current annual reporting provisions of the *Financial and Performance Management Standard 2019 (2019 FPMS)*, specifically section 42 which requires annual financial statements to not be released prior to tabling in Parliament.
 - *The 2014 GOC Regulation prescribes provisions of the Financial and Performance Management Standard 2009 (2009 FPMS) as annual reporting standards for the prescribed GOCs. The 2009 FPMS has since expired and been remade as the 2019 FPMS. It is necessary to update the references to align with the 2019 FPMS.*

What options were considered?

Expiry of the 2014 GOC Regulation and non-regulatory options were not feasible because the GOC Act is unable to function in the way the policy intended it to without a GOC regulation. As such, the only feasible option considered was to remake the regulation with amendments.

What are the impacts?

Remaking the 2014 GOC Regulation supports the operation of the GOC Act. The government and stakeholders are not expected to incur any additional costs in implementation. There are no restrictions on competition caused by relying on any of the regulation-making powers in the GOC Act.

Who was consulted?

All key stakeholders were consulted on the draft regulation to replace the 2014 GOC Regulation. This included the Department of the Premier and Cabinet, the Department of Energy and Climate, the Department of Regional Development, Manufacturing and Water, the Department of Transport and Main Roads, the Office of Industrial Relations and WorkCover Queensland, all GOCs, Queensland Rail and Seqwater. No issues were identified during consultation. The Office of Best Practice Regulation within Queensland Treasury was also consulted.

What is the recommended option and why?

The 2014 GOC Regulation plays a vital role in support of the GOC Act, allowing nominated government entities to be prescribed as GOCs and to apply tailored financial reporting standards to GOCs.

Without a GOC regulation, the GOC Act is unable to achieve its policy-intended functions including:

- clarity of objectives;
- management autonomy and authority;
- strict accountability for performance; and
- competitive neutrality.

Relative to the base case of no regulation, the 2014 GOC Regulation is currently relevant, effective and efficient in supporting the GOC Act in achieving its function and intent.

The sunset review of the 2014 GOC Regulation identified three parts that should be changed due to developments since the 2014 GOC Regulation was made. These amendments have been briefed to the Office of Queensland Parliamentary Counsel for their consideration for the preparation of a draft replacement GOC regulation.

After consideration, the only feasible option identified was to remake the 2014 Regulation with amendments.

All stakeholders were consulted with no objections to replace the 2014 Regulation and the proposed amendments.

With reference to a base case of no legislation, it is recommended that a replacement GOC regulation is made.

Impact assessment

	First full year	First 10 years
Direct costs – Compliance costs	Zero	Zero
Direct costs – Government costs	Zero	Zero

Signed


Under Treasurer



Deputy Premier
Treasurer
Minister for Trade and Investment
Date: 8 August 2024

Date: 6 August 2024