



FINANCE AND ADMINISTRATION COMMITTEE

Members present:

Ms DE Farmer MP (Chair)
Miss VM Barton MP
Mr MJ Crandon MP
Mr CD Crawford MP
Mr DA Pegg MP
Mr PT Weir MP

Staff present:

Ms D Jeffrey (Research Director)
Mrs M Johns (Principal Research Officer)
Ms C Andrews (Executive Assistant)

PUBLIC BRIEFING AND PUBLIC HEARING— INQUIRY INTO THE PRODUCTIVITY COMMISSION BILL 2015

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 14 OCTOBER 2015

Brisbane

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Committee met at 11.20 am

DUNNE, Ms Louise, Principal Treasury Analyst, Shareholder and Structural Policy Division, Queensland Treasury

NING, Ms Stephanie, Legal Officer, Legal and Administrative Review Branch, Queensland Treasury

TONKS, Mr Gregory, Acting Assistant Under Treasurer, Shareholder and Structural Policy Division, Queensland Treasury

CHAIR: Good morning, ladies and gentlemen. I declare this public briefing of the Finance and Administration Committees inquiry into the Queensland Productivity Commission Bill 2015 open. I am Di Farmer, the chair of the committee and the member for Bulimba. Other committee members are Mr Michael Crandon, the deputy chair and member for Coomera; Mr Pat Weir, the member for Condamine; Mr Craig Crawford, the member for Barron River; Miss Verity Barton, the member for Broadwater; and Mr Duncan Pegg, the member for Stretton. The purpose of this briefing is to receive additional information from the department about the bill, which was referred to the committee on 15 September 2015. This hearing is a formal proceeding of the parliament and is subject to the Legislative Assembly's standing rules and orders. The committee will not require evidence to be given under oath, but I remind you that intentionally misleading the committee is a serious offence. Thank you for your attendance here today. The committee appreciates your help.

You have previously been provided with a copy of the instructions for witnesses, so we will take those as read. Hansard will record the proceedings and you will be provided with a transcript and this hearing will also be broadcast. I remind all those in attendance at the hearing today that these proceedings are similar to parliament to the extent that the public cannot participate in the proceedings. In this regard I remind members of the public that under the standing orders the public may be admitted to or excluded from the hearing at the discretion of the committee. I remind committee members that officers are here to provide factual or technical information. They are not here to give opinions about the merits or otherwise of the policy behind the bill or alternative approaches. Any questions about the government or opposition policy that the bill seeks to implement should be directed to the responsible minister or shadow minister or left to debate on the floor of the House. I also request that mobile phones be turned off or switched to silent mode and remind you that no calls are to be taken inside the hearing room. I invite you to make an opening statement.

Mr Tonks: I thank you for the opportunity to brief the committee on the Queensland Productivity Commission Bill 2015. I am accompanied today by Louise Dunne, Principal Treasury Analyst, and Stephanie Ning from Queensland Treasury's legal services unit. If it pleases the committee I will make an opening statement about the background, broad objectives and content of the bill. As the committee will be aware, the bill will give effect to a commitment taken by government to the 2015 state election. The government's policy document emphasised the need for an independent advisory body to work with the community, business, universities and other key stakeholders to develop policy solutions to lift the state's productivity, improve living standards and drive growth. At the core of the policy is a proposition that an economic advisory body focused on improving productivity should be a central feature of the state's economic governance.

The first task of the commission, which has been underway in the background for some months now, is an inquiry into electricity prices and the commission has also commenced a concurrent inquiry into a fair price for solar. To allow the electricity inquiries to commence, an interim commission was established on 1 May this year by a Departmental Arrangements Notice under the Public Service Act 2008, and I am pleased to report that the interim commission's issues paper has been released this morning on the electricity price inquiry. The interim report of the commission is due to be provided to government in January next year with a final report in the first half of 2016. The QPC Bill will establish the commission as an independent statutory body to formalise its operational independence, functions and governance framework. Like its federal counterpart, the core function of the commission

will be independent public inquiries at the request of government using open and transparent processes informed by widespread public consultation. The Treasurer has already foreshadowed possible areas of inquiry including housing affordability, clean energy, industry and consumer regulation, regional development and Indigenous economic development.

The regulatory review and competitive neutrality functions undertaken by the Queensland Competition Authority will also be taken on by the commission under the new bill. The commission is an advisory body, so all recommendations will ultimately be a matter for the government. There has been extensive consultation in developing the bill with the interim commission, the QCA and other stakeholders. The commission's functions and structure closely mirror those of the Australian Productivity Commission and the New Zealand Productivity Commission.

I can quickly run through the key parts and operation of the bill. Part 2 is largely around the functions and governance arrangements. In addition to public inquiries, the functions of the commission will include, as I noted a moment ago, providing advice and undertaking its own research, which is dealt with in part 4; investigating competitive neutrality complaints, which are covered in part 5; and regulatory review, which is in part 6 of the bill. Importantly, government cannot influence the recommendations of the commission. In terms of the board, a principal commissioner and up to two other commissioners can be appointed for a period of up to three years and the appointment and remuneration are decided by the Governor in Council following usual cabinet consideration. The principal commissioner acts as the board if there are no other commissioners which provides flexibility given the, let us say, potentially lumpy nature of the commission's work or the scale of inquiries that it is asked to conduct. Staff will be employed under the new legislation rather than the Public Service Act, which is the same approach as the QCA, and gives flexibility for the commission to determine appropriate employment arrangements. The state industrial relations regime under the IR Act still applies. Transitional provisions in part 10 of the bill provide for the transfer of staff from the QCA and the treasury department, which is the legal employer of staff in the interim commission. Employees' existing terms and conditions are maintained in line with the usual approach government takes in implementing any institutional reforms of this nature. The first principal commissioner, who started on 1 October, Kim Wood, will also transfer to the commission after his initial appointment under the Public Service Act.

Part 3 deals with the key functions of the commission. The minister, in this case the Treasurer, can provide a written direction to the commission to undertake an inquiry, including any terms of reference, reporting obligations, time frames and so forth. Divisions 2 and 3 of Part 3 of the bill outline the process the commission needs to follow in undertaking a public inquiry. Unless specified by the minister, the commission can determine the most appropriate type of public consultation based on the subject matter of the inquiry and the key stakeholders involved. Part 4 allows the minister to request advice and research without going through a public inquiry process. The commission must still operate and report independently. As I noted earlier, the commission can also initiate its own research and analysis of matters relating to Queensland productivity, economic development and industry. There is a provision requiring that the Under Treasurer or the departmental head administering the act is notified before any research is published.

CHAIR: Greg, I am conscious of time and our members may have some specific questions, but thank you; that is already a really detailed briefing and I am sure you have taken care of any questions already. So if you are okay to do that—

Mr Tonks: Sure.

CHAIR: If you have something written, we would also be extremely interested in seeing—

Mr Tonks: No. I was just really running through the structure of the bill I suppose.

CHAIR: Yes; thank you. When you were talking about what is actually transferring to the commission, I wanted to ask you about the accreditation function. We see that the purpose of accreditation under the Queensland Competition Authority Act—

... is to remove doubt for a government agency carrying on a significant business activity about whether it carries on the activity in accordance with the principle of competitive neutrality.

The QCA Act also provides that the QCA does not have to investigate a complaint against a government agency if it had been granted accreditation. There has not been an explanation of why that function has not been transferred to the commission. Can you just elaborate on that please?

Mr Tonks: What I will say at a very high level is that we have simplified the detail included in the primary legislation. A lot of the statement of competitive neutrality policy and procedure will be dealt with through subordinate legislation and policies promulgated under the act. In terms of accreditation, I might have to defer to Louise.

Ms Dunne: That accreditation in part 4 of the QCA Act, which was introduced in 1997, was actually never used.

CHAIR: Is that right?

Ms Dunne: That was sort of an up-front exemption from competitive neutrality. It was just never used. It was just a case-by-case recommendation. It was part of modifying that transfer of legislation over.

CHAIR: Does that mean that there have not been accreditation issues? Is that—

Ms Dunne: No-one has applied for accreditation from CN.

CHAIR: That is a very straightforward answer. Thank you very much for that.

Mr CRANDON: I want to focus for a minute on the advisory role. From my readings of all of this—and, unfortunately, I thought I was going to have copies of the submissions so far received here. There is one that starts with W. Which one was that? Could you grab me a copy of that? This particular submission uses a case study. Have you had an opportunity to see our submissions at all?

Mr Tonks: No, we have been looking at the website and have not seen any of the submissions.

Mr CRANDON: That is because they were not authorised until today. That is the reason you have not seen them sooner.

CHAIR: You will see them very soon.

Mr CRANDON: A case study which I was reading late last night—and I cannot remember the exact detail—was given to us by this particular organisation. It talked about this issue of competitive neutrality in relation to the Sunshine Coast Regional Council. Are you aware of it?

Mr Tonks: I am aware of the issue and aware of the review that the QCA undertook. I think it was initiated in 2011 and reported in 2012. I am familiar with it in very broad terms.

Mr CRANDON: From what they have said—and I am using my memory still—it would seem that it found against the Sunshine Coast Regional Council but the regional council decided in closed meeting to do nothing about it. No-one has gone on to do anything about it. We are now moving to a new world but it is still an advisory role. What is the point of an advisory role? They do the work, they spend the money, they come back and say yes, this is wrong. Who is going to be—they are a toothless tiger—the people with the big stick to go after the Sunshine Coast Regional Council in this particular area regarding this competitive neutrality when they just decide they are not going to do anything about it?

Mr Tonks: I must say I am not terribly familiar with the details of the case. I am aware of the review that happened. I suppose one thing I should point out at the outset is that review and reviews generally in relation to local governments will continue to occur under the Local Government Act and regulations. What this bill does is, in its consequential, it transfers the investigatory power to the QPC rather than the QCA. There has been no real change in that regard. However, as you say, it is ultimately still an advisory role. Any report undertaken by the QPC needs to be published. As I understand it, under the Local Government Regulation, the council's response or the reasons it decides to take a different policy course also needs to be published. At the end of the day the report is given to (a) the council and (b) responsible ministers where it is relevant—and in this case the local government minister—to make a judgement on the merits of undertaking policy action. Broadly, the QPC is not intended to be a body that makes enforceable decisions. It is and will remain a—

Mr CRANDON: I just wonder why we are spending \$2½ million a year—what is the budget again? Off the top of my head I think we are allocating it \$2½ million a year. There are suggestions that some funding might come from industry. That is another question in a moment. What is the point of spending \$2½ million a year on an advisory body if the advice, as has been the case in the past, is going to go somewhere and then everyone can just disregard it, do nothing with it and walk away? We are talking about the perpetrator here who was found to be in the wrong. They said no, not going to do anything about it, and no-one has enforced that. What is the point of spending the money?

Mr Tonks: As I say, I am really not prepared or competent to comment on the specific details of that case.

Mr CRANDON: I am talking about cases going forward.

Mr Tonks: More generally?

CHAIR: We may be straying into asking Greg to comment on policy questions. So we might have to have a think about that and perhaps come back with some more specific questions, even in writing.

Miss BARTON: Maybe I misunderstood Michael's question, but I thought it was about the enforcement mechanism.

CHAIR: With questions like, 'What is the point of doing this?', perhaps we can just think of a different way of pursuing that.

Mr CRANDON: We will think of a different way. In relation to the proposed funding from the industry—and some concerns around that have been also been raised in the submissions we have received. I know in a federal sphere funding comes from the industry for certain reasons. Sometimes it is a voluntary contribution and other times it is, 'We see that there is an issue here. You as an industry are going to fund the investigation.' Which one are we talking about here? Are we talking about that type of thing where the authority sees a need to investigate an industry and sees or realises that it is going to cost a fairly substantial amount of money. Is it suggested that they are then going to be able to go to the industry and say, 'Right, we're going to investigate this area and you as an industry are going to fund it.' Is there some mechanism there for that?

Mr Tonks: There will be no power of compulsion to require industry to contribute. The funding at the moment is a combination of consolidated funds and, for the electricity inquiries, a contribution from the government owned corporations, which the shareholding ministers have asked the businesses to contribute. It is one of those things I think that will be worked through on an inquiry by inquiry basis. We will see occasions, for instance, where departments may contribute funding to an investigation within their area of portfolio responsibility. At this stage there is the Consolidated Fund base—

Mr CRANDON: Sorry to interrupt, but they do talk about industry contributions. Do you envisage that being a voluntary thing?

Mr Tonks: Yes.

CHAIR: I think Greg has actually answered that, haven't you?

Mr Tonks: Yes.

CHAIR: We might just move on to—

Mr Tonks: I suppose we should differentiate it from the Queensland Competition Authority, which, in the course of regulating particular businesses, it does have a power to levy the entities for the regulatory role.

Mr CRANDON: That is where I was going.

Mr Tonks: There is nothing comparable in this case.

CHAIR: We might move on. I am conscious of time.

Mr WEIR: I was curious about the investigations that the commission will take on. Does that have to come from Treasury or can you do it yourself if you identify a problem somewhere?

Mr Tonks: Yes. Around the cabinet table there will be discussions. As I said to Louise, I think every time I get in the lift in the Executive Building someone mentions a possible area of investigation for the commission. There is quite a little bit of an anecdotal work program already being worked up. I think for significant inquiries, yes, they would go through a cabinet process. At the end of the day under the legislation the Treasurer makes the referral for the investigations, the public inquiries. As I said, there is also provision there for the commission to undertake its own research.

Miss BARTON: You touched on the board in your opening address. Obviously you have not had a chance to see the submissions because we only approved them for publication this morning. Just for your reference, I know the AMMA and the QCU had raised concerns about the experience and standing of people who may be appointed to the board, particularly in the light of the fact that it does not appear that there is any specification about the qualifications that those appointed to the board might need to have or what would be considered relevant. I just wondered if perhaps you could go through the anticipated recruitment process about commissioners who would be appointed to the board and whether or not relevant industry experience would be taken into account?

Mr Tonks: I am trying to remind myself if there are any specific provisions in there. No, there is not.

CHAIR: You are welcome to take that question on notice if that would be easier.

Mr Tonks: We might come back in detail. I would envisage a process not unlike the commissioners or board members for most government entities. While some legislation—I am thinking of the GOC Act, for instance—does require board members to have capabilities that allow them to contribute to the achievement of their operational plan objectives, it is still a process that is

discussed within government and goes to cabinet. It is a comprehensive search, in most cases, of individuals who have the capability to fulfil the roles. There will be some variation. We have a principal commissioner in place who has a strong utilities background, which is commensurate with or consistent with the two inquiries that the commission has underway in the electricity space. Other commissioners will come on depending on the workload and the nature of inquiries we are undertaking. There will be a variety of capabilities that will be needed depending on the particular area and expertise and as such we have not sought to capture that in the act.

CHAIR: If you have any further—

Mr Tonks: We can follow up.

CHAIR:—information on that just going back to the act, we would appreciate your advice on that.

Mr Tonks: Sure.

Mr PEGG: I have a question—and it was raised by one of the submitters, the AMMA—about the potential for duplication with Australian Productivity Commission. Can you comment on that at all?

Mr Tonks: It is certainly a similar—

Ms Dunne: The Treasurer will be referring inquiries to the QPC. He would be able to work out what is on the APC's agenda and make a decision accordingly, whether we should put an inquiry towards the QPC given that the APC has done an inquiry or is about to undertake an inquiry.

Mr Tonks: Prima facie, yes, there is scope for crossover. There is no question about that.

Mr PEGG: There is a ministerial—

Ms Dunne:—discretion in that. We can look at all the factors and decide whether a reference should go to the commission on a case-by-case basis.

Mr Tonks: I think we will find that the focus will be on Queensland specific issues. As I said, we already have—and I think as I mentioned, an issues paper has been published today by the interim commission on its electricity pricing inquiry, which is obviously focused on the industry in Queensland. I think that will ultimately be the focus of the commission going forward.

CHAIR: I have one more question. I am conscious of time, but we may actually come back to you in writing, particularly since we have another public hearing after this. I may even ask you to come back and see us with further questions.

Mr Tonks: I have a question of process. Do you want us to wait and respond to any of the issues raised?

CHAIR: No. You are certainly welcome to sit in, but there will be a process of asking you to respond to any of the issues raised. That is why we may come back to you with quite a few other questions.

Mr Tonks: That is fine.

CHAIR: Our submissions have been quite detailed and very good. We are able to reflect a lot of those in the questions. My last question is about the length of time in which the minister is required to give a response, which I understand is six months. The Australian Productivity Commission Act prescribes 25 days and a number of submitters have actually commented that six months seems too long. Can you give us the background on that, please, and your reason for that?

Mr Tonks: I think we took as a model, Louise, that this is comparable to what has been used with the Victorian commission. I guess we are also mindful of the potential scale and complexity of some of the reports that would be undertaken in the future.

CHAIR: Would that not be the same for the Australian Productivity Commission though?

Mr Tonks: We might have to come back on that.

CHAIR: Thank you very much for that. The time for this hearing has expired. I want to thank you all very much for the preparation and work that you put into this. Thank you for coming to visit us today, and we look forward to speaking with you some more about this topic.

Proceedings suspended from 11.45 am to 11.48 am

BEHRENS, Mr Nick, Director, Advocacy & Workplace Relations, Chamber of Commerce & Industry Queensland

MARTIN, Mr John, Research and Policy Officer, Queensland Council of Unions

RALPH, Mr Rick, Chief Executive Officer, Waste, Recycling Industry Association (Qld)

CHAIR: I declare this public hearing of the Finance and Administration Committee's inquiry into the Queensland Productivity Commission Bill 2015 open. I am Di Farmer, the chair of the committee and the member for Bulimba. The other members of the committee are: Mr Michael Crandon, the deputy chair and member for Coomera; Mr Pat Weir, the member for Condamine; Mr Craig Crawford, the member for Barron River; Miss Verity Barton, the member for Broadwater; and Mr Duncan Pegg, the member for Stretton. The purpose of this hearing is to receive additional information from submitters about the bill, which was referred to the committee on 15 September 2015.

This hearing is a formal proceeding of parliament and is subject to the Legislative Assembly's standing rules and orders. The committee will not require evidence to be given under oath, but I remind you that intentionally misleading the committee is a serious offence. Thank you for your attendance here today; we appreciate your help. You have previously been provided with a copy of the instructions for witnesses, so we will take those as read. Hansard will record the proceedings and you will be provided with a transcript. This hearing will also be broadcast. Could I remind witnesses to speak into the microphones, please. We do not have any members of the public, so I will not give them the usual instructions about how they need to behave.

We are running this hearing as a round table forum to facilitate discussion; however, only members of the committee can put questions to witnesses. If you wish to raise an issue for discussion, I would ask you to direct your comments through the chair. I also request that mobile phones be turned off or switched to silent mode. I remind you that no calls can be taken in the hearing room.

The committee is familiar with the issues that you have raised in your submissions, and the purpose of today is to further explore aspects of some of the issues that have come up with your submissions, but we thank you very much for the detail that you put into those. We have a number of questions that we wish to put to you, but I would just ask if you would like to make a brief opening statement before we do so. Rick, would you like to start?

Mr Ralph: Certainly. Thank you, Madam Chair and members. Briefly, WRIQ is the peak industry organisation of the waste and recycling sector in the state. We have a live issue in relation to the competition authority which is tabled in our response. We believe that the bill currently before the review has two fundamental flaws in it which we have identified in that process. It is an example of unless you have some similar provisions for reporting or some reporting back in the other bits and pieces, the principles of competitive neutrality with respect to small people challenging government or local government are completely ineffective in this state. I am happy to take questions. It is a live example.

Despite business and everyone saying, 'We want the opportunity to provide an alternative service', and being a statutory group found in breach of the principles in a closed council session, council said, 'No, it does not apply to us. Go away.' It is a fundamental flaw in the bill that you have an inquiry and you actually get somewhere, are proven to be guilty, and then they say, 'Well, just go away,' and it is business as usual. This issue has gone on for five years now.

CHAIR: I am sure we will have some questions to ask you about that. Did you want to raise anything else?

Mr Ralph: No, I think we have highlighted the two fundamental issues in the submission.

CHAIR: Thank you. John?

Mr Martin: Thank you, Chair. I guess from the QCU point of view, in researching this I could not find a policy position that we have adopted either for or against arising out of our congress last year. This issue was silent, so there has not been a particular policy position adopted. The primary concern would be that we would not want to see something to be a vehicle by which unpopular policy can be promulgated, particularly in the context of privatisation and asset sales. We would be suggesting that at the last two state elections that was a very important aspect in voters' minds, and it will still be executive government that is held accountable, from our point of view, for any decisions that are made. So that would be the primary concern, that this authority would be established for the purpose of blame-shifting, which we would not see as its purpose. If, on the other hand, it does provide

some independent research capacity that can be a good thing. It is probably no surprise that we would not always agree with the Australian Productivity Commission on all issues, but that is I guess something that you deal with via public debate.

CHAIR: Thank you very much for that. We might go straight into questions, and when Nick Behrens comes in we might allow him an opportunity to raise his issues as well.

Do you have an opinion on what powers or responsibilities the new commission should have that would specifically address the situation which points to a broader problem? Do you have some ideas on that?

Mr Ralph: I understand the position and the fact that it is purely an advisory role, but I think the bill should have some provision in there for reporting back to government that, where there is found to be a compromise of competitive principles et cetera, there is a decision point that the response has to be enacted by. At the moment it goes through and we will have six months now for the minister to sit back and respond, but there is no provision in that response that the minister will act. What happened in the Sunshine Coast situation is we even got to the extent where we put a petition into parliament and the petition was buried.

CHAIR: When you say it was 'buried', what do you mean?

Mr Ralph: The response that we got back was, 'The department will look at it. The local government will look at it.'

CHAIR: Because there had previously been no powers to deal with this very same—

Mr Ralph: Correct. And the biggest challenge we had even bringing it to the commission was the fact that you had to be an aggrieved person in the activity. Our association could not bring forward the competitive issue because we were a group of businesses that were affected, and the individual companies did not want to take one council on itself because of the issues of retribution and the tendering process that was coming up. So unless you are a person that is affected, no-one else can appear. No-one else can actually call forward the ability for an inquiry into competitive neutrality or the principles. That in itself was a flaw. There needs to be a mechanism that it is not just a person; it should be an affected business or group of businesses that have the ability to refer. When you refer it to the QCA, and in this case the commission, they make a decision at that point whether or not they will go forward with it in a certain time. So the fact that you can have the ability to refer it at least has the ability for business to say, 'We want it looked at.' At the end of the day they might say, 'No, we are not going to have an inquiry,' but the provisions in the current bill prohibit that. It has to be one person, and we would not have been able to prove this issue. In the result with the Sunshine Coast council, we have had one small business pushed out of business altogether and the guy has had to have a second job to pay his mortgage back off on the business.

We are not saying for a moment that councils should not compete. That is not what we are saying. We just want to have the ability to opt in or opt out, and we cannot even get that. The six months is just crazy because the whole thing just gets buried. That is too far out, because once you have had the inquiry—which in our case took over two years from the first inquiry—it was another six months. We are five years into that process at the moment, so we think in the bill itself once the minister reports in a brief time the response must be, 'What are you going to do and when are you going to do it?' if the inquiry has been found to be compromised and a party found guilty.

CHAIR: Just thinking of some specific models or some really very clear solutions, is there a model anywhere else in Australia that you are aware of that—

Mr Ralph: The challenge always is with the competitive neutrality issue that local government sits way outside the referrals. We even referred this issue to the ACCC and because councils charge a fee or a service, even though they were found to be in breach they could not even investigate because there was a fee or service being provided. So it is this whole challenge where in some respects, I guess, bills and acts give that protective power for local government or government not to be challenged in many respects.

CHAIR: So in fact there is no example that you are aware of where the issue has been addressed?

Mr Ralph: No, because it comes down to that situation whereby at the end of the day it is an assumption—the powers of the minister for local government who has the review and the bits and pieces—that he would do something about it. In this case nothing was ever done and nothing has been done about it.

CHAIR: I am sure we will have some other questions for panel members, but I might go through to Nick. Nick, we understand you have been very busy this morning with committees all over Parliament House, so thank you. You have to switch mode again. Rick and John have already given us some brief opening statements and we were just starting questions, but we said that as soon as you came in we would allow you to give us a brief opening statement. We welcome you here again.

Mr Behrens: Thank you very much, Chair. Indeed, if I sound out of breath it is literally because I have run across the forecourt.

CHAIR: Yes, we understand.

Mr Behrens: The chamber appreciates the opportunity to come along to talk about something that we think is going to afford considerable benefit to the Queensland economy. Queensland businesses continue to seek out ways to improve the efficiency of their own operations, driven by a need for survival as well as business growth. At the same time, small businesses have indicated that efforts at a macro level to boost Australian and Queensland productivity have largely stalled. For this reason CCIQ supports the establishment of the Queensland Productivity Commission.

Queensland's and Australia's productivity performance is unmistakably stagnating, which is a concern because productivity growth is the most important source of long-term economic prosperity. Actions at a firm level alone will not be enough to achieve substantial and widespread productivity growth across the entire Queensland economy. We need an integrated pro-productivity reform agenda that will be embraced by businesses, industry, all levels of government and individuals. The reform agenda must proceed across all three channels of policy influence being flexibility, capabilities and incentives. To support a flexible business operating environment, policies must reduce regulatory costs, enable workplace decisions to allocate resources to their most efficient use and allow businesses to respond to emerging opportunities. Policies also need to improve business capabilities through workforce skills development, targeting infrastructure investment as well as making better use of existing infrastructure and encouraging increasing levels of innovative activity. In addition, the state and federal government must take a leadership role in incentive policies that focus on taxation and competition as economy-wide enablers of productivity growth.

The CCIQ hopes that whilst inquiries of the Queensland Productivity Commission currently focus on energy related matters, inevitably their focus will turn to the above issues as well. The chamber believes that the persistent actioning of these additional policy priorities will have the greatest impact on improving Queensland's productivity performance. In addition, the CCIQ wishes to discuss with the committee that the commission's Office of Best Practice Regulation must continue to measure the cumulative burden of red tape on small business and that the commission, as part of this bill, be provided with enforcement powers where it finds competitive neutrality to have been compromised. The CCIQ looks forward to working with the Queensland Productivity Commission on enhancing our state's productivity.

CHAIR: Thank you very much, Nick. I might go to Michael.

Mr CRANDON: Thank you, Madam Chair. Rick, I have a couple of questions. First of all, before I forget, Madam Chair, when you were asking Rick a moment ago if there were any other mechanisms around Australia, would that be something that we should ask the library or the department to do some research on?

CHAIR: We certainly would be looking at following that up, yes.

Mr Ralph: The ministers have the authority under the Local Government Act to enforce the activities, but it was never responded in that process.

CHAIR: Perhaps that is also an avenue that we can explore. It sounds like there are things quite separate to this issue about the commission; it is actually about the local government responsibilities—

Mr Ralph: It is about the outcome. Also the QCA in its response provided a roadmap of how council can go about removing that and resolving the issue. I think in the process, having gone through it, the minister is presented with the report and also the commission provides an advisory roadmap. Perhaps the provisions, when the minister is responding, can include how that roadmap will be enacted, as that part of that process in that response. The minister, in the wording or in the framing of it, gives not only a response but also, where they have been found in breach or compromise, the roadmap to resolving it in that response, and the time frame.

CHAIR: We will look at that. Once we do that further research, we may even come back to you, Rick.

Mr Ralph: Thank you.

Mr CRANDON: I come to my question now. Rick, this is to you. Nick, you will glean, from what I am saying, perhaps a response as well. Rick, you talked about the difficulty in bringing in action, for want of a better word. You said that it should be a business or a group of businesses as opposed to an individual. By 'a group of businesses', are you suggesting an association?

Mr Ralph: It could be, yes.

Mr CRANDON: So you are suggesting an association?

Mr Ralph: An incorporated association.

Mr CRANDON: And that association would be funded by its membership.

Mr Ralph: Correct.

Mr CRANDON: This is really at the crux of my question, because it was something that I put to the department: would you then be suggesting that you, as an association, given all of the material in front of you and what have you, would partially fund or fund—

Mr Ralph: We funded the whole lot ourselves. We funded our side of the investigation, the QCA funded their side of the investigation and council funded their side of the investigation.

Mr CRANDON: Looking forward from here, if you, as an association, on behalf of your people, wanted to bring an action on or bring something on, then you would consider funding the Productivity Commission to do that investigation?

Mr Ralph: No. I think if the commission is there and it has its powers to do these inquiries, if it is found to be an inquiry worthy of pursuit, the expense and the costs incurred by the party bringing the action on their side to present the arguments—and we had to involve lawyers and solicitors and all that sort of stuff—we funded all that of that. We did not fund the QCA to actually hold the inquiries. I do not think that would be fair upon us, because that is the whole purpose. But any costs incurred by ourselves were borne by us and the costs were borne by council in that case.

Mr CRANDON: I understand that. I am just going down the road of what has been suggested in the legislation, which is that some funding could come from industry. Would you envisage—

CHAIR: But that is generally for the commission itself, not for a particular case; isn't it?

Mr CRANDON: Funding for the commission, to perhaps run a particular investigation. Would you consider that as being something that your association—

Mr Ralph: Why would we do it? If we have a particular action and we are prepared to fight that action from a business point of view, we incur that cost. But I think it is unrealistic for the association then to go down the pathway and say, 'We have brought an issue on things and we are going to fund the commission'. I think there would be some conflict of interest in that component. I think the funding—

Mr CRANDON: That is why I ask. If you were prepared—

Mr Ralph: I would not be prepared to. I think the commission has to have a complete impartiality. It must fund its activities and my complaint must be funded by my activities and the person who is defending that complaint should be funded by their activities. If I am paying the commission to do an inquiry for me, that would be a major conflict.

Mr CRANDON: It brings into question the suggestion that the commission might derive some of its funding from industry. That is where I was trying to go. Nick, what are your thoughts?

CHAIR: Could I just state there, it is perhaps a little bit more generic than talking about a case-by-case basis. That is my understanding. I think, in fact, in the earlier inquiry we were just getting some clarity around how that was happening. My understanding was that the commission itself may be funded on a voluntary basis by industry, by specific industry, and it is not on a per case basis. We just have to be careful that we are not responding to that particular scenario. We certainly take your strong views. I want to be clear on that, because I think that is one scenario that perhaps has not been suggested in the bill.

Mr Ralph: Certainly from my association's view, if industry is funding a commission such as what is proposed there, there could be conflicts of interest as a result of the inquiries and the issues. I would have thought there has to be deliberate impartiality.

CHAIR: That is right. With your permission, Michael, and if you do not mind, Nick, I would ask you to respond to the generic notion of funding from industry rather than a case-by-case funding?

Mr CRANDON: By all means, Nick. Go down that road. Madam Chair, I really do take your point, but your terminology then and the terminology that I gleaned from my readings of this were 'an industry'. Why would an industry fund the commission, unless the industry wanted the commission to go down a particular road, to look at something in particular?

CHAIR: I am sorry, but it is not like you say, 'Okay, we are doing an inquiry into the electricity industry—which is a case in point—and, therefore, would you like to fund the commission?' It would be a generic 'funding the commission' and then these inquiries may or may not come up, if you get my drift. Nick, I will let you answer.

Mr Behrens: Firstly, I share Rick's view that any funding from industry could be perceived as compromising the neutrality of an independent objective review by the commission. Two other points that I would highlight are that there are some legacy obligations on state government when it signed up to the National Competition Policy back in the 1990s. Indeed, this state government received substantial funding to implement the National Competition Policy. One of the key principles of NCP is competitive neutrality. The government got the money and it is now up to state government to police it. What we have here is not necessarily industry concerns on the initiation process, but in terms that the fact of the matter is that the previous Queensland competition authority did not have the enforcement mechanisms to force the council, which was paying scant regard to NCP, to do what it has an obligation to do. As a result, businesses up on the Sunshine Coast are paying 20 per cent higher than what they ought to for commercial and recycling waste services, simply because the Queensland Competition Authority had to invite the council to consider its recommendations and, of course, the council said, 'No. We have a monopoly business. We are going to disregard it and continue on our merry way.' We were absolutely incredulous over that. That is why there has been a high degree of collaboration between Rick and the chamber in terms of this issue. Small business has to foot the bill for that.

The other point that I would make is that—and again you would have heard this come from me previously—66 per cent of all taxes, fees and charges that go to consolidated revenue actually come from business itself. I think our view would be that the activities of the Queensland Productivity Commission are ultimately funded by consolidated revenue.

Mr CRANDON: I have a supplementary on that, just to clarify it absolutely: neither of you, on behalf of your associations, can see a situation where you would make some contribution towards the commission?

Behrens: Financially, no.

Mr Ralph: Financially, no.

Mr Behrens: But can I say that what the chamber and WRIQ trade in is information. It is almost in-kind value to the commission in that we will go out and we will canvass with our members the impact that challenges and issues have on them, whereas the WRIQ is able to provide the aggregated data in terms of the volumes that are collected from industry and the commercial sector. I think what we bring to the table is really information, as opposed to deep pockets.

Mr Ralph: I concur totally with that.

Mr WEIR: I am a little curious as to what you see as the prime purpose of the Productivity Commission. Nick, you talked about boosting, let us say, exports and business opportunities. John, you were a bit concerned about where it might lead in the direction of policy. Where do you see the strengths of the Productivity Commission?

Mr Behrens: The state government needs a think tank to independently consider ways in which the economy can grow through economic reform. Anything in this area we view favourably. I think there is a particular issue that the chamber would like to discuss in relation to the commission's Office of Best Practice Regulation, but I will do so hopefully through another question. Really, there needs to be greater consideration and greater commitment to the macroeconomic reforms that are needed to keep our economy evolving with what is occurring globally and what is occurring through technology. The commission, potentially, if we get it right, has the ability to bring to the table very good substantial and solid advice to government to aid in its decision making, particularly around legislation that needs to be implemented to take account of that technological change that is occurring across the globe.

Mr Ralph: I think it also takes it out of the space of a particular stakeholder managing that agenda by having an independent broader church that has the ability to make sure that all stakeholders are at the table, whereas if you left it with State Development or Treasury in one specific

area, you then narrow the ability for the business agenda. I think it makes a lot of sense to have a commission that can call upon issues, call upon the expertise, look at it and give a holistic government response to it.

Mr WEIR: John, did you have anything to add?

Mr Martin: Perhaps I would reiterate the comment that this was not something that the trade union movement particularly asked for. That does not mean that we have any great opposition to it conceptually, but I guess in terms of core business this was not one of the things that we were looking at. Prior to the 2015 state election, we were not looking at the creation of a productivity commission for Queensland. As I say, that does not necessarily mean any great opposition to it. You have heard that the peak commerce and industry body seems to be in favour of it.

CHAIR: Do you anything more, Pat?

Mr WEIR: No, thank you.

CHAIR: Unfortunately, we have time for only one more question. Yes, Duncan?

Mr PEGG: I had a quick question about an issue in a clause in this bill that has not been traversed as yet. Nick, earlier today—for the benefit of the chair and deputy chair who were not here during that particular public hearing—you said your organisation's view is that when you make a submission to this committee you put it up on your website. You are aware of the guidelines, but you do not worry about authorisation and you put it up because you believe in transparency. You finished the public hearing by saying that there was a confidential submission and you urged the committee to disregard that on the basis that it was confidential. In light of your views about transparency and confidentiality, I wonder what you thought about clause 47 of the bill in relation to confidentiality requests and what your organisation's views were in relation to that?

Mr Behrens: I would need to reacquaint myself with it. I am assuming that it is based on commercial-in-confidence information?

Mr PEGG: Broadly, yes.

Mr Behrens: Obviously that is an exception to the issue of transparency. If business or an organisation is commercially disadvantaged by the publishing of commercial-in-confidence information, I think there needs to be some serious consideration as to whether or not we want to go down that pathway. I can appreciate that there is some potential inconsistencies with what we have said there.

Mr PEGG: So there is a difference between someone being personally disadvantaged, rather than commercially? If someone is personally disadvantaged in terms of disclosure, you do not see that as being a problem?

Mr Behrens: No, I am here to represent small business and commercial interests. You would need to—

Mr PEGG: I am trying to reconcile—

Mr Behrens: For my benefit, you would need to take me across the issue of personal information and what that is, because I am speaking to small business, not personal information.

CHAIR: We might finish up there. We might discuss that other issue with you separately, Nick. On the matter of the Office of Best Practice Regulation, you may like to come back to us if you have further details you would like to supply. The submissions have been very detailed and we appreciate that. I am sorry that we have not more time. We have had a morning with a number of public hearings, but if we do require any further information we will come back to you. Thank you very much. There are some very regular attenders in front of this committee and we always appreciate the preparation that you put into that, thank you. I declare this hearing closed.

Committee adjourned at 12.17 pm