



GOVERNANCE, ENERGY AND FINANCE COMMITTEE

Members present:

Mr MJ Crandon MP—Chair
Mr CG Whiting MP
Ms B Asif MP
Mr JT Barounis MP
Mr LR McCallum MP
Ms KJ Morton MP

Staff present:

Mr T Horne—Committee Secretary
Ms M Salisbury—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE QUEENSLAND PRODUCTIVITY COMMISSION BILL 2024

TRANSCRIPT OF PROCEEDINGS

Wednesday, 11 December 2024

Brisbane

WEDNESDAY, 11 DECEMBER 2024

The committee met at 11.01 am.

CHAIR: Good morning. We are starting a couple of minutes late, and my apologies for that. Welcome to the new committee meeting area, with all new software, technology et cetera. I remind members that when you are asking questions you need to turn your microphone on, just like when you are in the House. Please also turn your microphone off after you have completed speaking.

I declare open this public briefing for the committee's inquiry into the Queensland Productivity Commission Bill 2024. My name is Michael Crandon, member for Coomera and chair of the committee. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander peoples whose lands, winds and waters we all share. With me here today are: Mr Chris Whiting MP, member for Bancroft and deputy chair; Ms Bisma Asif MP, member for Sandgate; Mr John Barounis MP, member for Maryborough; Mr Lance McCallum MP, member for Bundamba; and Ms Kendall Morton MP, member for Caloundra.

This briefing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the briefing at the discretion of the committee. I remind committee members that departmental officers are here to provide factual or technical information. Any questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. Please turn your mobile phones off or to silent mode.

DANIELLS, Ms Rebecca, Special Counsel, Legal Services, Queensland Treasury

MOLLOY, Mr Dennis, Deputy Under Treasurer, Economics and Fiscal, Queensland Treasury

MORONEY, Mr Sean, Principal Policy Officer, Economic Strategy, Queensland Treasury

CHAIR: I welcome representatives from Queensland Treasury who have been invited to brief the committee on the bill. I invite you to brief the committee, after which committee members will have some questions for you.

Mr Molloy: Thank you, Chair. I am Dennis Molloy, Deputy Under Treasurer, Economics and Fiscal, from Queensland Treasury. I thank you very much for the opportunity to brief the committee on the Queensland Productivity Commission Bill 2024. I am accompanied today by senior staff from Queensland Treasury: Sean Moroney from the Economic Strategy Division and Rebecca Daniells from the Legal and Administrative Review Office. I will make a short opening statement about the background, the broad objectives and the content of the bill, and then I am happy to take any questions that committee members may have.

As the committee is aware, the bill will give effect to a commitment taken by the government as part of the 2024 state election to re-establish the Queensland Productivity Commission. The government has emphasised, as reflected in the bill, that a re-established QPC will provide independent economic, social and regulatory policy advice to government to help lift productivity, drive economic growth and enhance living standards for Queenslanders. The bill will establish the QPC as an independent statutory body to formalise its operational independence, functions and governance framework.

The core function of the QPC will be to undertake reviews of complex economic, social and regulatory issues and provide advice and recommendations to government. In some cases, this will involve public inquiries. However, the QPC may provide advice and undertake reviews and research without the need for a public inquiry. The QPC is an advisory body—it is not a decision-making body—so consideration of all advice and recommendations from the QPC will ultimately be a matter for government.

The government has already foreshadowed possible areas of inquiry, including its commitment for the QPC to undertake a review of the construction and building sector. Although the key functions and structures of the QPC closely mirror those of the Australian Productivity Commission and those of the former Queensland Productivity Commission, one difference is that the QPC will not investigate competitive neutrality complaints. This function is already undertaken by the Queensland Competition Authority and will remain there.

I will now briefly run through the key components of the bill in terms of how the QPC will operate and function. Part 2 of the bill includes the establishment, functions and powers, governance arrangements and staff of the QPC. The QPC will be governed by a board comprising one full-time Productivity Commissioner and up to three other commissioners who may be either full or part time. On the recommendation of the Treasurer, appropriately qualified persons will be appointed as commissioners by the Governor in Council through the formal significant appointment process. The Productivity Commissioner will be responsible for managing and directing the activities of the QPC and ensuring the board performs its functions and exercises its powers appropriately. Government will set the direction for inquiries and advice and overall resourcing, but commissioners will have control over staffing and the content of any reports.

Part 3 of the bill includes details of the QPC's functions that will be undertaken under direction by the Treasurer as the responsible minister. The core business of the QPC will be to conduct formal public inquiries into complex economic and social issues, regulatory matters and legislation as referred to it by the direction of the Treasurer. The Treasurer will have three months to provide a written response to inquiry reports. The Treasurer will also be able to request advice or research from the QPC on matters without the need for a public inquiry process. In undertaking these functions, the QPC will nonetheless be required to operate and report independently.

In addition, the Treasurer will be able to direct the QPC to administer, monitor or review regulatory matters or government policies or processes related to regulatory matters. Research that is conducted on the QPC's own initiative is detailed in part 4. Where the QPC intends to publish the outcomes of that research or analysis, the Treasurer's approval is required on the research proposal before the research can commence. Again, the content of that research will be a matter for the QPC.

Part 5 of the bill includes provisions on ministerial directions, confidential information, reporting requirements and protection from liability. Transitional provisions are outlined in part 6 of the bill. These provisions will facilitate the transfer of staff of the Office of Productivity and Red Tape Reduction and records held by Queensland Treasury to the QPC upon its establishment. The bill specifies that employees' existing terms and conditions will be maintained. Thank you for your time. I am happy to now assist with any questions.

CHAIR: Thank you, Mr Molloy. I will throw to the deputy chair, Chris Whiting.

Mr WHITING: Section 9(1)(a) and section 32(a) say the Productivity Commission will focus on researching, inquiring and reviewing economic and social issues, regulatory matters or legislation. What legislation could they review? Is that existing legislation or proposed legislation?

Mr Molloy: It is both. What we are talking about there is the ability of the Productivity Commission to provide advice on what the regulatory impost could be from particular regulations. There are also scenarios where a government might look for reviews of existing scenarios if it so chose. I suppose the short answer is both.

Mr WHITING: So they can review and report on proposed legislation or existing legislation as directed by the minister, and that could be on anything—the Olympics, housing or industrial relations legislation; is that correct?

Mr Molloy: It will be areas of particular focus for the government. Also, as part of this exercise, we have to be ensuring the government is in a good position on legislation to be able to understand the potential regulatory imposts and the nature of the analysis that has been done on that.

Mr WHITING: They can review legislation, and that review of document process reports directly to the minister before it is released; is that correct?

Mr Molloy: It is the regulatory aspects of that that we are talking about under this particular section. It is the regulatory impost of certain regulations.

Mr WHITING: Reviews legislation on the regulatory impact and then reports to the minister before that is released to the public or parliament; is that correct?

Mr Molloy: We are talking about new legislation. With new legislation, as you would appreciate, there is a process where that is being developed within government where there will be agencies that will be developing that. It is expected that they would be consulting as appropriate with the QPC and that that advice would then be made available for deliberations of the government. In that sense, we are really talking about an arrangement where there is that engagement that is happening beforehand. It happens quite commonly in policy type areas with other agencies, as you would be aware. This is particularly on those regulatory aspects to make sure that the potential impost on industry, on households is well understood. That does not mean that, of course, the regulation does not progress or there is no case for progressing the regulation, but it is to make sure there is a full understanding of what those impacts could be.

Mr WHITING: My point there was: it reports back to the minister before that information is released to parliament or the public—the process of how that happens once that review or process has happened.

Mr Molloy: Generally, that would be the case. There could be an example where you would have a slightly different channel through that. Suppose the government wanted to review particular regulations in an area, if that was to be provided under a terms of reference or something like that, as an inquiry, taking that example, that terms of reference is then made public. There is a public submission process and all that type of thing. The report would then come back to the Treasurer with that having to be released within three months under that—

Mr WHITING: All those roads lead back through the Treasurer?

Mr Molloy: Ultimately, all information then comes back to government through the Treasurer to facilitate that consideration of proposal.

Mr WHITING: Will each one of those inquiries by the Productivity Commission produce an RIS, a regulatory impact statement?

Mr Molloy: If you have a look at the way the current policy works, there is a regulatory impact assessment that is being done by agencies with that engagement with, at the moment, OPRTR assisting the agencies to make sure they are doing a fulsome assessment of that. The agencies then have to publish that themselves. That is the current arrangement. There is an expectation with those impact assessments that they will be signed off by the relevant director-general and the minister. That is the way the current arrangement works. At this stage, the government has not indicated that it is looking to change that policy, so this is about how the QPC fits into that role that the OPRTR has been playing in terms of making sure that agencies are doing a fulsome assessment and then publishing that.

Mr WHITING: So it may or may not happen that an RIS is produced as part of every bit of work for the Productivity Commission, or it might duplicate?

Mr Molloy: That has not been the case now. There are always examples of things which may be administrative in nature or they are considered not to be sufficient so that you would do a full RIS, and that has been the case now. At the moment what would happen in those circumstances is that again there is still a regulatory assessment done, but it is one that would say, 'Given that this is a relatively minor administrative matter, we are not doing further analysis beyond that.'

Ms ASIF: Under section 37 of the 2015 act, it said the Productivity Commissioner could initiate research under section 31(1) and tell the chief executive that he was going to publish it, but under the new act it seems like the Productivity Commissioner must give the minister notice of any intention to do research. That is under section 37. The minister can then approve or refuse the Productivity Commissioner doing this research and the minister can amend the research proposal and then decide whether or not the Productivity Commissioner can publish this self-initiated research. I am wanting to clarify under this section, the minister could refuse any attempt of the Productivity Commissioner to do their own self-initiated research or publish it; would that be true?

Mr Molloy: Essentially, if the Productivity Commission is looking to publish its research, because there would be other research that would happen as a matter of course, potentially technical research as to particular ways you may measure certain things or modelling, or things like that.

Obviously, that happens in-house. Where there is a consideration that the report would be made public, then the bill proposes that that would have to be discussed with the Treasurer first. Obviously, the Productivity Commission is a relatively small professional organisation, and it is important that it is focused on the priorities of the government.

Ms ASIF: So what you are saying is you could not necessarily have any self-initiated research report. Would the non-published ones be discoverable under right to information requests from the public?

Mr Molloy: If we look at self-initiated research, again, as I said, technical type of research would not be something they would be looking to publish, so that would stay within the commission.

Ms ASIF: So then it would not be available under right to information?

Mr Molloy: It would be subject to all the normal legislative requirements, yes. As an economist myself, if I think about what some of those technical reports might be, it would be pretty dry technical reading.

Ms ASIF: Someone might be interested in it, you never know!

Mr BAROUNIS: What is the final outcome of the QPC? What is the aim? According to our deputy leader, it is to increase productivity; is this the final aim?

Mr Molloy: It is described in the bill under the main purpose at section 3, but I can elaborate more on that. The objectives of the QPC, as outlined in the bill, are to provide independent, economic, social and regulatory policy advice to help lift productivity, drive economic growth and enhance living standards for Queenslanders. The main purposes of the commission are to: undertake inquiries or research into economic and social issues, regulatory matters or legislation as directed by the minister; undertake research into economic and social issues or regulatory matters on legislation on its own initiative or as approved by the minister; and administer, monitor and review regulatory matters as directed by the minister and provide advice to the minister as requested.

Again, where that advice and assessment is being provided by the Productivity Commission, it is then a matter for the government as to what it does with those recommendations. The commission is an advisory body; it is not a decision-making body. You would expect commission reports to provide a significant amount of analysis, justification and their awareness of stakeholder views and contested views in this space. They would present that information to the government through the Treasurer and then it is a matter for government as to how it responds to those recommendations.

Mr BAROUNIS: What is the timeframe please?

Mr Molloy: If we are talking about an inquiry type of function, those timelines will be established by the terms of reference, but we have one indication of such a timeline in the Treasurer's media release of a few weeks back when the bill was introduced. For the first inquiry the government expect they would have the report back by the middle of the year, but the terms of reference will ultimately establish the timeline. Again, those terms of reference will be a public document.

Ms MORTON: If one of the aims of the Productivity Commission is to lift productivity, how is that fundamentally measured?

Mr Molloy: At its simplest, productivity is a measure of how much output you can get from a certain amount of input. There are particular ways that is measured, one of which is labour productivity. There is multifactor productivity when you take into account both labour and capital. Those things are measured. If we look at the most recent completed productivity cycle, which goes from 2017-18 to 2021-22, labour productivity grow by 0.6 per cent per year. That was less than the long-term average for Queensland which is more around 1.7 per cent. That said, measures of productivity is quite a technical exercise which the Productivity Commission is well-equipped to measure.

Mr McCALLUM: My first question is around the costs that are associated with the establishment of the Productivity Commission and the ongoing annual costs, whether that is estimated or modelled at this time, and how much has been committed by the government to date to get things started?

Mr Molloy: In terms of the establishment of the Productivity Commission and its ongoing functions, the government's election commitment indicated that ultimately that will be at no additional cost to the budget, beyond the existing resourcing for the Office of Productivity and Red Tape Reduction, that is moving over to form the core of the QPC, their budget of \$3.8 million will be

available to the QPC. There would be an expectation that the QPC costs will be higher than that. To the extent they are higher than that, myself and my colleagues in Treasury will—through Treasury operations—make sure that Treasury absorbs that cost and it is not passed on to the taxpayer. Sorry, I have just been corrected. It is \$3.7 million—I think I said \$3.8 million.

Mr McCALLUM: I have a follow-up question, again around process. You mentioned in your opening statement the transfer of staff. In fact, you just referred to that. What will be the framework or the process for how staff will be transferred from their current positions to positions in the Productivity Commission? How will that occur, and what involvement will elected government have throughout that process?

Mr Molloy: Essentially, as with machinery of government changes, the expectation is that the current staff of OPRTR will be moving over to the Queensland Productivity Commission. As I have mentioned, and as is talked about in the bill, all of their current conditions are preserved so there is absolutely no disadvantage there. The Queensland Productivity Commission will then, to the extent it takes on new staff or there is a rotation of staff over time, be able to engage those staff itself under its arrangements. Technically, there will be a register of staff when we go through the OPRTR list which will be made by the Under Treasurer. That is the technical signing off of that. To be clear: the expectation is that everyone who is in OPRTR will be moving to the new Productivity Commission. Of course, there are other opportunities elsewhere. It is not like you are there forever. It is still very much a free choice, but that is how we would see that initial transition period working.

Mr McCALLUM: And that will effectively be handled by the Under Treasurer?

Mr Molloy: That register of staff will be. As I said, the expectations around who that is going to be is pretty clear, but that is the technical instrument.

Mr McCALLUM: With respect to the preamble in the bill, section 9, it says that the Productivity Commission can ‘administer, monitor and review regulatory matters as directed by the Minister’. Could you give us some real-world examples of what that might look like and flesh out what that actually means? For example, does that mean things like industrial relations regulations might be reviewed by the Productivity Commission or indeed administered given that section 9 has the word ‘administer’ in it?

Mr Molloy: Ultimately, these are matters to be determined by government. If you look at the types of things—and you are talking about real-world examples—that sometimes you might ask such a body to look at, it might be things like, ‘What are the regulations that are impacting the tourism sector?’, so you are actually doing a stock review of regulation. That would probably be a good hypothetical example but, nevertheless, a tangible type of example.

Mr McCALLUM: Could I quickly frame the question in a different way? Do you see the operation of the Productivity Commission with respect to administering regulatory review matters outside of what happens with a current RIS process, regulatory impact statement? Is it a broader remit than what happens currently?

Mr Molloy: As I said, there is the existing RIS type arrangement and how that works. However, there might be a particular area where there is a stock of regulation, such as that tourism example I gave, where the government may seek—it is a matter for government—that regulation be considered, so those stock reviews. As I said, that type of thing is not uncommon in these types of things.

Mr McCALLUM: Would you expect that to be in the terms of reference for a particular inquiry?

Mr Molloy: I would, actually.

Mr WHITING: I am just clarifying that. As the member for Bundamba said, the bill says ‘administer regulatory matters’. Does the Productivity Commission then become the administrator for regulatory matters? Is that regulation or regulatory matters? I am not sure what that means. I understand it is up to the government as to how they interpret ‘administer’.

Mr Molloy: If I understand—and I am not sure I exactly do—the QPC is not going to be administering regulation. What the QPC would be doing is assisting government to have an understanding of the potential regulatory impact of regulation to allow government to then make a fulsome consideration of the nature of that regulation.

Mr WHITING: The act says it can administer regulatory matters, and you said it is up to government as to how they actually interpret that. We are not sure what this actually means.

Mr Molloy: I might ask Rebecca to answer.

Ms Daniells: We actually discussed this exact question you are asking with OQPC when we were preparing the bill and the definition of ‘regulatory matter’. They raised that exact question that you pose, which is: is the intention for them to administer legislation? Obviously, that is not our

intention in preparing the bill. If you look at the definition of ‘regulatory matter’, which is what determines what they can administer, it says they can administer a proposal related to the making, amendment, implementation or review of legislation. They cannot administer the legislation; they can just administer proposals relating to the making, amending, implementation or review of legislation. The intention of the bill is not that they are administering regulation. They are limited to considering how legislation could be made or reviewed.

Mr Molloy: I might add some examples of that. When we are talking about administering, it is administering things like the regulatory impact analysis system. Again, in terms of that system there is an existing policy and so it is about administering the assessment of regulation consistent with that system and that existing policy framework, which is established by government.

Mr WHITING: We are still trying to work out why the word ‘administer’—we can understand what you have said, but it is an odd thing the government has put in there. As you said, it is up to the government how they interpret and how they use that.

Mr Molloy: As I said, in preparing this we saw the intention as being clear.

Mr McCALLUM: Thank you for that. Why is the word ‘administer’ there, then? You have said that the existing administering function relates effectively to the existing RIS system, but that happens already anyway. Considering the way it is currently drafted, what is the value of having that word ‘administer’ there? What does it add?

Mr Molloy: In terms of what we consider it adds, it is certainly making it clear that in terms of the assessments of things like the regulatory impact system and the regulator performance framework—in terms of assessments of particular proposals against that and performance against that, they are administering that. Hopefully I have been able to clarify that.

CHAIR: Member, I think Mr Molloy has fully answered the question. There may be a concern about the term ‘administer’, and I think the examples that have been given clearly demonstrate that there is nothing nefarious intended by the word ‘administer’ being in the legislation. I think we should move on.

Mr WHITING: Clause 15(1) of the 2024 bill states that the board is appointed by the Governor in Council on the recommendation of the minister. I notice that the specific phrase ‘on the recommendation of the minister’ for board appointment was not in the previous 2015 act, which was section 16. According to this section, the one person who controls who gets to be on the board is the minister. That is that single point once again: the minister can control who gets to be on the board. Is that correct?

Mr Molloy: This is a normal significant appointment process. The Treasurer would identify the significant appointments. That would then go to cabinet for consideration and then to Governor in Council.

Mr WHITING: It specifically says ‘on recommendation of the minister’, so the minister is the funnel for those people coming through?

Mr Molloy: Yes. Ultimately, someone has to take a submission to cabinet, and the Treasurer is—

Mr WHITING: Understood. What is the appointment process for that? Will there be a selection panel, or does the minister choose who gets to be recommended?

Mr Molloy: The government is considering that at the moment. I will be awaiting direction from the government on that.

Mr WHITING: Clearly from that, there may be no selection process; the minister might just have some names?

CHAIR: Deputy Chair, that is asking for speculation from Mr Molloy. I think we could perhaps—

Mr WHITING: Sorry, that was a comment from me. It was not a question.

CHAIR: Are there other questions?

Mr WHITING: Yes. I just wanted to get that clarified. I will pass to the member for Sandgate. I know that she has a question.

Ms ASIF: Clause 9 of the 2015 act said that the previous Productivity Commission was to advise the minister specifically on ‘productivity, economic development and industry’. This bill under clause 9 says that the Productivity Commission can ‘provide advice to the minister as requested’. That is very broad and open. Are there any limitations on the kind of advice that can be provided under this clause?

Mr Molloy: When we are talking about inquiries, there will be a focus obviously on the objectives of the bill which are set out there. We are talking about issues that are significant economic and social issues, so issues that are designed to be driving productivity. Again, under the inquiry reference or where there is research to be published, all of that information will be made available. There is no editorial control over any of that. Those reports are prepared by the Productivity Commission and signed off by the Productivity Commissioner.

Ms ASIF: No, my specific question was around the limitations on the kind of advice that could be requested.

Mr Molloy: I think the limitations are just as set out under the objectives of the act.

Ms ASIF: Functions under the bill specify research on the issues of economic or social, regulatory issues or legislation. What kinds of issues would fall outside of being economic or social, regulatory matters or subject to legislation?

Mr Molloy: That is a pretty broad question, isn't it?

Ms ASIF: Yes, it is pretty broad, and that is what I am getting at.

Mr Molloy: What I can talk about is what the government has indicated it is looking to have the Productivity Commission looking at, and there were two things that were identified in the Treasurer's statement. Those are obviously the inquiry into the construction and building sector and having a look at an intergenerational report. There is a high level of ambition behind the establishment of the Productivity Commission. There is an acknowledgement that the government is looking for initiatives that will help to drive productivity and living standards, so over time we will see what that full suite of inquiries and reports are to be. If we want to get a good indication of a couple where it is very tangible, it is those two.

Ms ASIF: Yes. In your words you have said there is a 'high level of ambition' behind the establishment of this. Again just trying to get some clarification, it is very broad. I know that the government currently has an agenda on a couple of things that are there, but in future, once this is established, it is very broad.

Mr Molloy: Again, if I go to 'Main purpose', clause 3 states—

The main purpose of this Act is to establish the Queensland Productivity Commission to undertake inquiries and research and to provide independent advice to the Minister in relation to economic and social issues, regulatory matters or legislation having particular regard—

I will repeat that: 'having particular regard'—

to productivity, economic growth and improving living standards in Queensland.

As I have referenced previously, Queensland's level of productivity performance in recent years has been relatively low. Productivity is important for living standards. It is important for the level of income as well as keeping costs down and cost of living, so it is an important area of focus. If we have a look at some of the things which the government has identified, it is focused on that.

Mr McCALLUM: I notice that in the 2015 act there was a reference to the board performing their functions with 'independence, rigour, responsiveness, transparency, equity, efficiency and effectiveness'. Comparing that against the 2024 bill that this committee is considering, the bill states that the board will ensure that the Productivity Commission performs its functions in a 'proper, effective and efficient way'. Have I missed anywhere in the bill where I could find the words 'independence' and 'transparency'? Are those words in there and I have just missed them?

Mr Molloy: Maybe I can just go back to what I just read. Clause 3 under 'Main purpose' states—

The main purpose of this Act is to establish the Queensland Productivity Commission to undertake inquiries and research and to provide independent advice—

independent advice—

to the Minister in relation to economic and social issues, regulatory matters or legislation having ... regard to productivity, economic growth and improving living standards in Queensland.

Mr WHITING: But the words 'independence' and 'transparency' cannot be found in the bill? Sorry.

Mr McCALLUM: That is fine. Given that your department was involved in the drafting of the bill, are you able to shed any light on why the word 'transparency' is not in the current bill? I know it is grammatical. The word 'independent' is in clause 3 but 'independence' is not, but we will focus on 'transparency'. Are you able to shed any light on that, please?

Mr Molloy: Certainly the whole process for inquiries is going to be a very transparent process, so you have terms of reference, you are inviting submissions and three months after the receipt of the report you are publishing the report with the government's response. That, to my mind, is a pretty transparent process.

Mr McCALLUM: But not hardwired into the legislation?

Mr Molloy: If we have a look at the requirements of when the government is going to have to respond, that is in the legislation.

CHAIR: Thanks, Mr Molloy. I think we have gone down that road enough.

Mr BAROUNIS: Our colleague on the other side asked about the timeframe and your answer was two years time. I am talking about the timeframe it will take to prove that this body, if implemented by the government, will be successful and will increase productivity, because that is the aim and the target of this bill. How long do you think it is going to take to see a result after this bill is passed?

Mr Molloy: There are probably two ways to answer that question. The first one is that you would expect that a QPC report would have a very strong evidence base as to why and the benefits of doing certain things or certain recommendations. In terms of the extent to which a government was then mindful, considering all of the broader things that governments have to consider, to pursue those recommendations and agree with those recommendations, you would expect, given the analysis that has been done, that there would be benefits from those particular decisions.

Mr BAROUNIS: Yes.

Mr Molloy: In time you would see that at a micro level reflected in maybe costs of projects or all of those types of things. In terms of when that flows through into broader productivity measures, that is a more difficult question because there are lots of decisions and lots of things in the economy that impact on aggregate productivity measures, so you would think that is a longer pipeline before you see that necessarily coming through in the numbers.

What you can see, to go back to that first part of the answer, is that by having a look at the specific analysis, and I expect the rigour that will be undertaken in that analysis, you will be able to identify the benefits from a particular decision. It is then a matter of seeing, for that particular decision, how that translates in reality should the government accept those recommendations.

Ms ASIF: Section 10 of the previous 2015 act included policy guidelines for the Productivity Commission. The previous Productivity Commission would have to give regard to the benefits of increasing productivity and increasing efficiency of the economy as well as living standards, employment and wages. There is no corresponding section in this new bill, as far as I can see, unless you can point me to it. What are the policy guidelines on what the new Productivity Commission could do except undertake inquiries, do research and provide advice to the minister as requested?

Mr Molloy: If I can go back again to section 3—

Ms ASIF: With all due respect, we have read the bill. If there is anything in addition to that that you could add, that would be good.

Mr Molloy: Perhaps I could elaborate. An improvement in living standards would normally mean that there are improvements in employment, in real wages, in industrial development and in terms of fiscal sustainability. That follows. Where we are talking about having regard to productivity, economic growth and improving living standards, those terms, which are broad, also extend to cover those specific types of things because they are part of—they are subsets of—improving living standards.

Ms ASIF: But not specifically included. That is fine.

Mr Molloy: I suppose there is a point at which, where you are capturing things in the broad, they are seen to be quite encompassing, and that is what section 3 does.

Ms ASIF: Where do we find the policy guidelines? In the functions section?

Mr Molloy: Sorry, the policy guidelines?

Mr WHITING: There were policy guidelines in the old bill. There are none there. Is it, as you described, under those broad descriptions of the functions? Does that take the place of having actual policy guidelines?

Ms ASIF: As you have said, it is quite broad and it does not mention it and, whilst you can say it includes it, I do think there need to be specific guidelines which do indicate that.

Mr Molloy: I understand, drawing on parliamentary drafting modern practices, that it is no longer common to include those types of guidelines in the principal act.

CHAIR: I think we have answered that question.

Mr WHITING: Under the previous act, in section 47, an interested party who believes that document disclosure may damage the party's commercial activities could write to the Productivity Commission and the document not be published. There is nothing like that in the new bill that corresponds with that, as far as can I see. I can see no mechanism in the bill where the Productivity Commission could accede to a request to not publish damaging documents from an interested party, say commercial-in-confidence documents.

Mr Molloy: Certainly the intention is pretty clear that submitters can indicate that information is confidential and that will be taken into account. Clause 39, the use or disclosure of confidential information, is indicating that there should not be disclosure of confidential information where that has been identified.

Mr WHITING: I think I am talking about something slightly different. If the minister orders an inquiry into the cost of a transport infrastructure project, the relevant department has to produce financial information such as contracts with a commercial entity. If the commercial entity does not want those disclosed during this ordered inquiry, it has no leg to stand on. This outside party could have their contract with the department exposed to the public during that inquiry. That is the kind of thing, as far as I can see—an ability for that party to protect their reputation or their commercial activity—that was in the previous act but there is nothing like that in this current bill.

Mr Molloy: Certainly it would be incumbent upon the QPC to ensure that confidential information is identified and that if there were concerns certainly the intention is that that would not be provided. We have certainly discussed this type of situation and the intention is that where it is identified as confidential it not be shared. The scenario you are talking about is where it is not being provided directly; you are identifying it through some other mechanism.

Mr WHITING: Yes, the contract is held with the department and the department surrenders that information up.

Mr Molloy: Certainly the intention is that that should still be covered, but the QPC will need to be mindful of making sure it covers off that process.

Mr WHITING: Certainly the minister has those powers in directing the inquiry. The minister has certain powers under this bill. I understand what the Productivity Commission may want, but that may not happen considering the minister's powers. It is a hypothetical; you do not have to answer that.

CHAIR: I was going to say that we are now going down a road where we are talking about what may or may not happen under a minister's powers. We have both been here long enough to realise that ministers have a great deal of power and they can do quite a bit with those powers, but at the end of the day we also respect confidentiality and commercial-in-confidence type arrangements, and I am sure that the professionals within the new Productivity Commission will make sure those protections are in place.

Mr WHITING: I certainly understand that. I just wanted to establish that there was nothing to prevent that happening. A contract held with the housing department could be released as part of that. That should be fine. I have got what I needed from that.

CHAIR: Are there any other questions from any member?

Ms MORTON: I have a quick one. I am not entirely sure it is relevant to this committee. Is it possible for you to point me in the direction of where I could find information regarding the outcomes of the current Office of Productivity and Red Tape Reduction in terms of understanding background, such as what levels of red-tape reduction there have been to date? There is a lot of reference here about transferring and replacement. I would like to see what the levels of performance in reducing red tape have been to date.

Mr Molloy: Certainly on the Treasury website there is material from the Office of Productivity and Red Tape Reduction, recognising that when the QPC was abolished previously and came into Treasury that then meant they were part of the broader Treasury policy-advising process. They were doing various analysis that would feed into Treasury briefing material, engagement with agencies, which would then be part of the cabinet process so obviously that is not something that is available. One of the things the OPRTR did under the new regulation frameworks that were agreed by the previous government was to really strengthen the capacity of agencies to do that assessment themselves. I think from memory they have undertaken over 2,000 training sessions across

government to assist agencies to estimate regulatory burden, to allow an identification and cost-benefit analysis where that was apparent and to also move to that environment where agencies, their directors-general and ministers were signing off regulatory impact assessments. If we have a look at that, there was a lot of the OPRTR developing expertise and capacity across the sector and then, rather than themselves doing the regulatory impact statements and assessments, empowering and strengthening the ability of agencies to do that. Indeed, under the new arrangements that will also continue to be an important part of it.

Ms MORTON: Can you think of one example, off the top of your head, where red tape was, in fact, reduced as an outcome?

Mr Molloy: There are examples through the cabinet process, which I cannot go into the specifics of, where regulatory impacts were identified and government chose a particular course of action in light of that.

CHAIR: It being 12 o'clock, that concludes this briefing. Thank you to everyone who has participated today. Thank you to the Hansard reporters. A transcript of these proceedings will be available on the committee's webpage in due course. I do not believe we put any questions on notice; all questions were fully answered. I declare this public briefing closed.

The committee adjourned at 12.00 pm.