



GOVERNANCE, ENERGY AND FINANCE COMMITTEE

Members present:

Mr MJ Crandon MP—Chair
Mr CG Whiting MP
Ms B Asif MP
Mr JT Barounis MP
Ms KJ Morton MP (videoconference)
Mr TJ Smith MP (videoconference)

Staff present:

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

PUBLIC HEARING—INQUIRY INTO THE QUEENSLAND PRODUCTIVITY COMMISSION BILL 2024

TRANSCRIPT OF PROCEEDINGS

Tuesday, 17 December 2024

Brisbane

TUESDAY, 17 DECEMBER 2024

The committee met at 10.30 am.

CHAIR: Good morning. I declare open this public hearing for the committee's inquiry into the Queensland Productivity Commission Bill 2024. My name is Michael Crandon. I am the 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. With me here today are: Mr Chris Whiting MP, member for Bancroft and the deputy chair; Ms Bisma Asif MP, member for Sandgate; and Mr John Barounis MP, member for Maryborough. Joining us online are Ms Kendall Morton MP, member for Caloundra; and Mr Tom Smith, member for Bundaberg, who is substituting for Mr Lance McCallum MP, member for Bundamba.

This hearing 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 hearing at the discretion of the committee.

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.

BEAVON, Ms Kat, Acting Chief Executive Officer, General Counsel and Company Secretary, Real Estate Institute of Queensland

CHESSHER-BROWN, Ms Kirsty, Chief Executive Officer, Urban Development Institute of Australia, Queensland

COX, Ms Anna, Director of Policy, Strategy and Regional Services, Urban Development Institute of Australia, Queensland

DAVIES, Mr Jon, Chief Executive Officer, Australian Constructors Association

MOSS, Ms Kristin, Head of Policy, Australian Constructors Association

CHAIR: Good morning, all. Thank you for being here today. Would each organisation like to make an opening statement before we start our questions?

Ms Beavon: We thank you for the opportunity to provide our views and input in relation to the Queensland Productivity Commission Bill 2024. The Real Estate Institute of Queensland is the state's peak body for real estate, representing the profession for more than 106 years. The REIQ provides training, advocacy, best practice advice and support for the Queensland real estate community. We are also committed to providing education and support to the broader Queensland community on real estate related matters.

REIQ's membership and customer representation include over 40,000 property professionals. This encompasses principal licensees, salespeople, property managers, auctioneers, business brokers, buyer's agents, residential complex managers, and commercial and industrial agents in Queensland. The REIQ extends its support and expertise beyond our membership to the broader real estate profession and community. We believe that everyone should be able to make educated, informed decisions about buying, selling or renting property and businesses in Queensland. The REIQ also works closely with the Office of Fair Trading and the Residential Tenancies Authority to ensure that Queensland real estate professionals remain compliant and up to date.

The REIQ welcomes the instruction of the Queensland Productivity Commission Bill and strongly agrees with the re-establishment of an independent statutory body to oversee government policymaking in Queensland in order to enhance transparency and accountability and to ensure the government is obtaining critical feedback from relevant subject matter experts and industry bodies when appropriate and applicable.

As the committee would be aware, the housing sector has endured an onslaught of legislative change since 2020. In our view, this has led to a reduction in productivity in the rental housing sector, amplifying the negative impacts of the housing crisis in Queensland and exacerbating already strained relationships between the members of the community. With 36 per cent of Queenslanders renting and the vast majority—almost 90 per cent—of those tenancies being managed by property managers, conditions within the housing sector need to be addressed to improve outcomes for all stakeholders including the tenants' experience of renting. Further, there is no evidence that these legislative reforms have made a positive impact on rental conditions in Queensland. In fact, despite the specified objective of improving conditions, Queensland continues to be gripped by a housing crisis, with those most vulnerable in our communities facing housing insecurity.

With the re-establishment of the Queensland Productivity Commission, the REIQ would like to see an inquiry into the following matters: the social and economic impacts of the reforms to the Residential Tenancies and Rooming Accommodation Act 2008 between 2020 and 2024 and the impacts of current policy settings on the supply of housing and ownership rate in Queensland with the objective of boosting these levels, acknowledging that there are currently bills that have been introduced in the parliament for consultation.

We would like to see the Queensland housing challenges addressed with industry informed policy solutions. An independent productivity commission for Queensland is a commendable approach to ensuring policy is properly scrutinised and its potential impacts are evaluated thoroughly.

Mr Davies: The ACA is a national association representing the largest building and civil engineering contractors in Australia. We advocate for a more sustainable construction industry that is able to build the infrastructure that we all need when we need it and for a price that we can all afford. The construction industry in Australia employs 1.4 million people. It accounts for over 800,000 businesses and contributes around nine per cent of GDP. It is also one of our least productive industries. Productivity in the construction industry is now less than it was 30 years ago.

Research commissioned for us from Oxford Economics for our 2023 Nailing Construction Productivity report—and I have plenty of copies if you would like them—calculated that the annual national opportunity cost of poor construction productivity was \$56 billion. In Queensland alone that number is \$10.93 billion, but that has increased since this report was produced and as productivity has further declined and work undertaken has increased. For context, that number is enough to pay for all planned Olympic infrastructure, with enough money left over to build a few schools and hospitals to boot. Put simply, the opportunity is enormous and one that we can no longer afford to ignore, especially as the pipeline of work increases, budgets tighten and resources become more constrained.

As our report identified, the good news is that we know how to become more productive. We just need to remove the barriers to doing so, many of which lie in how governments procure and govern projects. This is why we support the creation of a Queensland Productivity Commission and the need for it to undertake an urgent investigation into the construction industry here.

Ms Chessher-Brown: Thank you for the opportunity to provide an overview of our submission this morning. The Urban Development Institute of Australia, Queensland is the state's leading peak body for property development. Comprised of planners, developers, engineers, builders and a wide range of other professionals involved in residential housing, we are responsible for the delivery of 97 per cent of the state's new housing. The institute's advice and recommendations are backed by a decade-old research foundation and informed by a longstanding regional branch structure encompassing 12 regional branches throughout Queensland. I will refer to us as the 'institute' for the rest of the statement.

Members of the institute believe that housing is a human right underpinning a safe and prosperous life for individuals and families. In the face of a severe and unabated housing crisis unfolding throughout the entire state, it is critical that no stone is left unturned in the quest for fast-paced delivery of new housing for Queenslanders. As part of the effort to address the housing crisis, the institute has provided many recommendations to both the Queensland parliament via its committees and the Queensland government for legislative and regulatory change across a variety of dimensions such as planning, infrastructure and funding.

Productivity is another area where the institute has identified there is significant potential to investigate and modify the way we do things so that not only do we boost the supply of housing for Queenslanders but, critically in the midst of a housing crisis, we speed up the pace at which it is delivered, all with the obvious aim of delivering more homes sooner. Productivity in delivering new homes has declined in Queensland. For example, in the apartment sector, institute research earlier

this year found that construction programs had increased by 73 per cent compared to pre-COVID rates. This has a knock-on effect of increasing construction costs by 96 per cent since 2019. Ultimately, this will see Queensland fall short of the number of apartments required to be delivered under the *ShapingSEQ* plan by over 1,600 apartments per year, or nearly 40,000 apartments over the life of the plan. On these numbers, the housing crisis will worsen before it improves.

For these reasons and as per the institute's submission, we strongly support the re-establishment of the Queensland Productivity Commission and the intention for the commission's first task to be a comprehensive review of the Queensland construction industry. Further, we would strongly support that the inquiry assume responsibility for an in-depth analysis of the decline of productivity in the residential housing construction industry and what steps are needed to reverse such recent declines.

In closing, improved productivity in the construction of residential housing will increase the pace at which new homes are built for Queenslanders to move into. As such, improved productivity will be a powerful tool in the fight to address the Queensland housing crisis. For these reasons, the institute supports the bill to re-establish the Queensland Productivity Commission.

CHAIR: I call the deputy chair.

Mr WHITING: I will go to the member for Sandgate for the first question.

Ms ASIF: My question is to the Urban Development Institute. You have stated in your submission that your members have a strong reticence to providing identifying information for fear of retribution from other parties. I want to check: what other parties and why do they have this strong reticence?

Ms Chessher-Brown: Obviously the Productivity Commission has not been established at this point, so we certainly have not received direct advice relating to members who are perhaps reticent to give evidence before the Productivity Commission if it was to be established. However, given previous confidential reports that I have received personally from members regarding intimidation that arises from some union activity, I am of the opinion that without a reliable mechanism for confidential briefings to the commission there is a likelihood that the commission would be hampered in its investigations by receiving incomplete industry stakeholder feedback.

Ms ASIF: You have noted that in your submission, hence the question. We established that unpublished reports or advice that is generated by the Productivity Commission may be discoverable through right to information. Would you want that advice by your members to remain immune to that process?

Ms Chessher-Brown: I think what we had recommended in our submission is, specifically in terms of the evidence that is perhaps given by members, that there be a forum or a portal to be able to provide that information in a confidential way. There is obviously a model that has already approached this issue with some success and that is offered by the Fair Work Ombudsman and the Fair Work Commission, so we thought that might be a model that was worth investigating to make sure the commission is able to have access to as fulsome industry insight and intel as possible.

Ms ASIF: Sure, but if the Treasurer is making policy decisions based on findings by the Productivity Commission, shouldn't all of that information be available for public scrutiny?

Ms Chessher-Brown: As long as it is de-identified.

Mr WHITING: The workplace regulator has very specific powers with regard to who they can get before them and what they can get. Would you envisage that the Productivity Commission would have similar powers?

Ms Chessher-Brown: Correct me if I am wrong, please, but I think the question was relating to where we—and I am talking obviously about my membership rather than the broader industry, so where my members—do have information or feedback or evidence, that they would like to present to the Productivity Commission. Our focus here is that there is a forum and a mechanism for them to be able to do that in a confidential way, so less so compelling people to give evidence but, where evidence can be provided and there is evidence to be given, that there is an appropriate mechanism for them to be able to do that in a way that makes them feel that that will be de-identified and is safe.

Mr WHITING: Ms Beavon, you stated in your submission that you want an independent statutory body to oversee government policymaking in Queensland. Bearing that in mind, do you think the bill should specifically state that the Productivity Commission should fulfil its functions with independence and transparency?

Ms Beavon: Yes, absolutely. Our view would be that, wherever possible, it will be held through public hearings to ensure transparency and robust debate and that the appropriate stakeholders and, I guess, the variety in those stakeholders promote innovative thinking and ensure that all of the practical implementations, not just the legal ramifications, are considered, because, as we are all aware, it is one thing to have legislation written but we also need to ensure it is capable of being actioned in practice by those who are impacted by it.

Mr WHITING: That is certainly very applicable to the public hearings and those public inquiries, but as an independent statutory body do you think the Productivity Commission should be able to publish all of the research it does and it should be able to do research into areas that it thinks appropriate?

Ms Beavon: Yes. Where appropriate, our view is that it should be a well-informed committee or the commissioner should be able to conduct independent and transparent research to support any legislation that is being introduced to the community.

Mr WHITING: As an independent body, though, would it be independent, as far as the REIQ's concerns, if the minister can decide if research or a report is not to be published?

Ms Beavon: I think it is important that matters are dealt with on a case-by-case basis, depending on the matter in question and that there is a process to determine whether there is appropriate information that should be disclosed to all of the stakeholders that are involved in that. Without further reviewing the bill and the applications and the processes that will support it, we would probably like to see more information to be able to provide more sound feedback on that.

Mr WHITING: Okay, so it is independence and transparency on a case-by-case basis and not across the board; correct?

Ms Beavon: I think that should be determined with appropriate processes in place and applied with the appropriate policies in place as well, taking that into consideration.

Mr WHITING: No worries. As an independent statutory body, should it report directly to parliament, like the Auditor-General?

Ms Beavon: At this point in time I do not think I am in a position to provide a response to that.

Mr WHITING: Okay.

Mr BAROUNIS: What is the main driver behind those productivity declines and how much of the state government policy impacted on productivity? Mr Davies?

Mr Davies: Lots. It has had a significant impact. In terms of where to start, I suppose, BPIC is an obvious one that has been well publicised in terms of its impact on productivity, but also, if you look at the recent changes to the Queensland Building and Construction Commission and the regulation that sits behind that, that is, in our view, regulation for regulation's sake and not necessarily driving improved outcomes. If we look at the protections for contractors, subcontractors and the rates of insolvency, they have not made any impact whatsoever on any of that. Statutory trusts have not made any impact whatsoever on any of that. In terms of how we plan projects, how we deliver projects, how we coordinate projects and the lack of coordination of projects, the good thing about this subject is that there is a whole world of opportunity. There is plenty of low-hanging fruit; we just need to get on and start picking it.

Ms Chessher-Brown: Certainly I can speak to some of the results from the research report that we did into apartments last year, and Jon is correct: there are a multitude of factors that are certainly contributing to our productivity decline. Some of those factors are related to legislation and regulation in worlds from infrastructure right through to planning. There are obviously some fairly significant labour force issues plaguing Queensland in particular at the moment in terms of being able to get access to the number of people we need and the trades we need. Of course, we are also experiencing very significant program prolongation, which is a factor that is significantly contributing as well.

CHAIR: I noticed that there was this other one in relation to drilling down. Can you drill down on any specific case—we have time—that you could use as an example or highlight?

Mr Davies: Probably the best case is the Olympics. I mean, what a shemozzle we have had there. We have wasted how many years now—four or five years? We are still no closer and industry has no greater certainty as to what they are supposed to be building, how they are supposed to be building it, where they are supposed to be building it. These things all have an impact on productivity. They might not all be obvious, but industry needs to be able to plan ahead. Ours is an industry where it takes a lot of building teams to deliver these projects, especially the major projects that our members

construct. They need to be looking to put together teams of people one year or two years in advance of those projects coming to market to have the skills and the capability to bid for those projects. What we are seeing is that we do not have that certainty undoubtedly now, because there is one thing that does not change and that is the deadline for delivering the Olympics. All that is going to happen is that we are going to find ourselves in the same position where we get all squashed right up, and the one thing that suffers when we get all squashed up and we are all trying to rush around trying to do things is productivity.

CHAIR: Thank you. Kirsty, did you want to make a comment?

Ms Chessher-Brown: I can probably provide you two very general examples, and one, again, is in the apartment space. What we have seen since COVID is that it now takes double the time to complete an apartment building, so roughly two years to four years. That is in the space of those four years or so since COVID. What that of course does is introduce some very significant cost impacts which then relate roughly to a doubling of cost to deliver an apartment building which means that that apartment building can simply no longer be delivered to the market at a price people can afford in most locations. There are very few locations generally in South-East Queensland where the market can afford to pay for the cost of a new apartment, so, as a result, many apartments simply are not proceeding. That is obviously reducing the housing supply delivered to the market which then places a whole raft of different pressure points right through the life cycle through to rents and the availability of rental properties.

On another very different example, we have many members that have experienced in different locations—particularly, as I say, across South-East Queensland again—where it takes 15 years from the time a developer purchases land to deliver a master planned community to the time the first person is able to move in, and that is on a good day. That is very significant and that is quite a different example that is related to the planning process and infrastructure provisioning as well. This is why we strongly support the re-establishment of a productivity commission, because, as Jon has said, there are so many factors that are at play which are resulting in the delay of the delivery of housing to the market. The Productivity Commission looking at, as I say, a whole raft of government legislation and regulation, procurement policies, our labour force capacity and capability is urgently needed.

CHAIR: Ms Beavon, was there anything that you wanted to add to the discussion?

Ms Beavon: No.

CHAIR: I see that Mr Davies—

Mr Davies: I will just give you one more, if that is okay, and it is a very little one, but I just heard a leaf blower in the background and it reminded me of this so I thought I would mention it. We talk about BPIC, and there has been lots of talk about how BPIC increases the cost of construction, as Kirsty was saying, by 30 per cent. People think, 'That's all wages,' but actually a lot of these things are the conditions. My office at the minute is in West Village, where they are still building tower blocks. Every time it rains I get extremely annoyed because all I hear is a leaf blower—and it is a big leaf blower—and what that leaf blower is doing is blowing the puddles around and trying to clear the puddles out of the way because workers now are not allowed to go onsite—heaven forbid—in case they tread in a puddle. These are the types of things that have come in through BPIC and these are the things that are impacting our productivity.

CHAIR: Okay. Thank you very much for that.

Mr SMITH: At this point I just want to reiterate how important it is to make sure that workers are safe on our worksites right across Queensland. When the member for Sandgate was asking about RTIs, investigations and so forth, I believe it was the UDIA that made reference to union activity. What kinds of investigations do you envisage that the Productivity Commission would conduct into union activity on worksites?

Ms Chessher-Brown: Obviously the scope of the Productivity Commission's initial review has not been released, I suspect, or even drafted, so I would not like to assume that that is something the Productivity Commission would look at, other than to say that, as part of an investigation into the productivity related to the residential construction sector, we would assume that a number of different factors are looked at including, as I said before, planning legislation, regulation, labour force capacity and capability and industrial relations activity. Obviously that is a focus for other levels of government and other people at the moment as well. However, we would assume that, as part of this review, the Productivity Commission would look at a whole raft of different factors as determined by the scope of that initial review.

Mr SMITH: Okay, but just to follow up, because you did mention union activity, are you talking about alleged illegal activity? Are you talking about protected action? What exactly would the UDIA like the Productivity Commission to investigate around union activity?

Ms Chessher-Brown: I am not making any recommendations today as to what the Productivity Commission should look at other than multiple factors that are contributing to productivity declines for the residential construction sector.

Mr SMITH: Okay, so is it the consideration of the UDIA that current enterprise bargaining agreements with unions are slowing down productivity?

Ms Chessher-Brown: I have not made that point and I will not offer an opinion, given the subject of today's committee inquiry. I did respond to a question related to the importance of confidentiality for those people who may seek confidentiality for evidence that they may choose to provide to the commission.

Mr SMITH: Thank you, and I suppose it would always be appropriate, if any of your members ever had any consideration around illegal activity, that they should go to the police or the CCC, or indeed it would be a matter that would eventually go through the industrial rights commission? They would be the appropriate channels?

CHAIR: Is that a question, member for Bundaberg?

Mr SMITH: Yes, that is.

Ms Chessher-Brown: Of course.

Mr SMITH: The member for Bancroft spoke about the Productivity Commission publishing its findings, be it through parliament or publicly. Your response was that, where appropriate, it should be. I was just wondering what might be an example where publishing its findings would not be appropriate.

Ms Beavon: We work with QDN, for example. In the event that there is sensitive information through the review of the Residential Tenancies and Rooming Accommodation Act, where there are modifications that were imposed that would impact people with disabilities, I think from our perspective there might be some information that should be treated with sensitivity. That could potentially be one of them. Our view is that there should be systems in place and regulations in place to support that decision being made and, obviously, as our friends from UDIA have also noted, if confidentiality is sought that there is an avenue for a process to be considered.

Mr SMITH: That may be around publishing the document but de-identifying connections?

Ms Beavon: Correct.

CHAIR: Member for Caloundra, do you have any questions at this juncture?

Ms MORTON: This is probably for Jon but also Kirsty: do you think there is a link between productivity and risk mitigation? To the point that the member for Bundaberg has made, of course we all want people to be safe on work sites, but if we are at a level where stepping in a puddle is something we are mitigating, (a) do you think there is a link between risk mitigation and productivity and (b) are some of those are risk mitigation measures overzealous?

Mr Davies: I would state that we also believe in safe workplaces, but I think there is an appropriateness to that. I think blowing puddles around probably crosses that line for us. I think the bigger issue is not necessarily around risk mitigation as such—risk mitigation is something we should all be doing; risk allocation is the biggest problem we have that is impacting on productivity and the inappropriate allocation of risk particularly to industry, to contractors down the supply chain, and expecting them to manage risks that they are not in a position to manage when there are others that are better placed, like government in particular, to manage it. That certainly is something that has an impact on productivity.

Ms MORTON: What is the link between productivity and government getting value for money in relation to your industry?

Mr Davies: That is a very big question. I think the starting point with that is what is value for money. I think there has been too strong a focus across the board—not just here in Queensland; we see it nationally as well. Treasuries get involved and value for money is looked at purely and simply as being the lowest possible price at the tender box, which 99 times out of 100 delivers the least value for money, in our experience. Value for money is also something that needs to consider, especially from a government standpoint, broader contributions to the economy through engagement of local workers and Indigenous workers, looking at reducing embodied carbon in construction, looking to get

more women into the construction industry. These are all things that we should be considering as part of our procurement processes which ultimately will all help drive productivity in one way or another. Really, we have to move away from that focus on lowest possible price because that delivers anything but value for money.

Ms ASIF: Jon, you have submitted that you want to engage with the Productivity Commission to look at options to reduce costs and timeframes. I just wanted to check how you think the Productivity Commission could help you with that and what exactly you mean by reducing costs and timeframes.

Mr Davies: Sure. There are lots of different aspects to this. Let us move away from blue collar at the moment and focus on more procedural stuff and white collar. Back to the point I was making before, what we see, for example, is governments, with the aim of giving the impression that they are delivering value for money, going out and getting five contractors all lined up to bid a \$500 million job. As a rough rule of thumb, it costs contractors about one per cent of the bid price to bid a project. So \$500 million times four or five contractors times one per cent—that is a heck of a lot of money. Does it improve competition? Does it deliver improved outcomes? Our argument would be no, especially at this point in time when we are extremely resource constrained.

There are two reasons we need to focus on this. It is not just the dollar value that I mentioned before, the \$11 billion. For sure, it would be fantastic to realise that and really important to realise that. The biggest problem that we have here in Queensland in particular is the sheer volume of work that is in the pipeline of work ahead of us. I recently did a presentation where I talked about the Olympics being the tip of the iceberg. They can see it and everyone talks about it, but let us not forget the \$10 billion health infrastructure program that we have, the \$15 million pumped hydro dam that we have to build, the road and the rail infrastructure that we have to build, the houses that we have to build. That is even before you then start talking about things that are not in government's control, like defence infrastructure—the huge volume of defence infrastructure that has to be built in the state—and resources infrastructure. The only way we are going to have a chance of building that is to get more efficient; otherwise, we will not have enough resources to build all of that.

Ms ASIF: To your point about one per cent to put forward for the bid, everyone that is going for the tender has to do that. I think that is important in terms of making sure we are being transparent when the government is putting forward projects that are costing taxpayers millions and billions of dollars. I think it is important to make sure everyone has equal opportunity when putting forward for a government project. In terms of reduced costs and timeframes and how you think specifically the Productivity Commission and commissioner will be able to do that, when you are talking about costs, is that materials? Wages? What in particular are you asking for the commissioner to help with?

Mr Davies: Productivity is usually things around a function of time. It is not necessarily materials, unless using different materials will allow you to construct things quicker.

Ms ASIF: You said reduced costs.

Mr Davies: Reduced costs are things like, as a standard—and, again, Queensland is not necessarily vastly different from other states here, but when government delivery agencies send tenders out, they put out highly prescriptive specifications that tell you to the last nut and bolt how you are supposed to construct the project. This is why we are still building roads largely like the Romans built the roads. If we are to make advances, not just in terms of productivity but in areas like embodied carbon, we have to look at transitioning away from those prescriptive specifications to more performance-based specifications—specifying what it is you are trying to achieve, not how you get there. That is another very significant example.

Another example would be the very extensive design review processes that we have, which are all about all care and no responsibility: 'Let's avoid any blame in case anything happens.' These are both things that are impacting on the ability to put forward innovative new ways of doing things, because no-one wants to sign off on that because that is a risk to them personally, potentially, but also these multiple layers are adding extra time and cost into the delivery of all infrastructure projects in the state.

Ms ASIF: Could you be specific about what multiple layers you think are adding to the costs?

Mr Davies: This might be getting a wee bit technical.

Ms ASIF: That is okay. I am all for technicality.

Mr Davies: Brace yourself, then.

CHAIR: In the interests of time, we might ask you to take that question on notice, given that there are some technicalities in it. Are you happy to provide us with perhaps a one- or two-page overview of the types of things that you would be talking about?

Mr Davies: I can direct you to a report that we have written on this specific issue, no problem at all, Chair.

Ms ASIF: If we are placing that on notice, I might also add what regulations would add to your timeframe as well.

CHAIR: It will be your views coming back to us.

Mr BAROUNIS: What uplift in output will improve productivity delivered to your industry?

CHAIR: We have one minute.

Ms Beavon: From our members' perspective, we obviously deal with the end result and, given we have tight vacancy rates, what we need is supply to be able to provide housing for our community and also reduce the strain within the relationship between agents as well as tenants.

Ms Chessher-Brown: I think this is part of the beauty of the Productivity Commission: there are so many very small things that have got us to where we are now in terms of delaying the delivery of housing. I think it is a fantastic opportunity to leave no stone unturned.

Mr WHITING: Jon talked about \$56 billion in costs and \$10 billion in productivity lost costs in a report. Could we get a copy of that?

Mr Davies: I will leave some copies.

CHAIR: The time allocated for this morning's hearing with this group has now expired. There being no further questions, we will end this session. Thank you for appearing today and providing your evidence. There are some questions on notice. Responses will be required by 12 noon on Friday, 20 December.

BARGER, Mr Andrew, Policy Manager Queensland, Australian Energy Producers

HAYTER, Mrs Frances, Director, Sustainability & First Nations Policy, Queensland Renewable Energy Council

MULDER, Miss Katie-Anne, Chief Executive Officer, Queensland Renewable Energy Council

CHAIR: Welcome. Would you like to make an opening statement before we start our questions, bearing in mind we have 20 minutes? I am happy for you to go as long as five minutes each on those opening statements but, of course, that might reduce some of the opportunities for questions to be asked.

Miss Mulder: Thank you so much for allowing us the opportunity to make a submission but also to present before the committee. Congratulations to all the returning members and new members of parliament. I am Katie-Anne Mulder and this is Frances Hayter. We are the Queensland Renewable Energy Council, a fairly new, fledgling industry body, about 15 months old—the first state-based industry association for renewable energy in Australia. We were established just last year out of a need to look at how renewable energy is to be developed in Queensland—renewable energy large-scale. We represent large-scale pumped hydro, solar, wind and batteries. It is a fairly new industry to Queensland. It was only five years ago that we had operating projects that you could count on one hand and now we have over 53 projects in the project pipeline, which is quite significant. We are to a point now where we are a market-driven industry. Some of our largest customers in Queensland are our traditional primary industries: the resources sector as well as agriculture—the two industries that sit on the Queensland coat of arms.

In our submission we supported the first matter to be referred to the Queensland Productivity Commission, which is BPIC. We support the establishment of a Queensland Productivity Commission. We are keen to understand how the Office of Best Practice Regulation will fit within the Productivity Commission as well.

As a quick summary of our submission, we are really supportive of balanced reform, evidence-based reform and policy, and research through an independent body at arm's length from government. There also may be a role for the Queensland Productivity Commission to more broadly look at energy efficiency policies to ensure that our policies are geared towards efficient energy systems as well as policies that encourage efficient energy use overall.

With a lot of large-scale renewable energy development, the projects that are in the pipeline at the moment are taking longer and longer to get through the pipeline due to, for lack of a better term, the industries growing at scale, so we have broken out of our framework that currently exists. Existing regulations that would be appropriate for an industry where there were only three projects may no longer be relevant where you have 50 or more projects. Lastly, we support bringing the impact analysis statements, or the IASs, back into focus as leading practice regulatory management and review to ensure transparent reform processes that adequately define the impact where there is an increased cost of doing business.

Mr Barger: I would like to start by acknowledging the traditional owners of the land on which we meet today. In Queensland we are lucky to have the world's two oldest living cultures. When we have these discussions, we are walking in footsteps that are over 2,000 generations old. I offer my respects to the traditional owners and extend that respect to any First Nations people in the room today or listening online.

I thank the committee for the chance to speak briefly in support of our submission. It was only a very brief submission so I will talk quickly so that I am not talking for longer than it takes you to actually read the letter. I am Andrew Barger from the Australian Energy Producers. I am the manager of policy here in Queensland. We are a national body. Unlike Katie-Anne and Frances, we are a branch office, I guess, here. I apologise on behalf of Keld Knudsen, my Queensland director. He is tangled up in the Queensland Great Artesian Basin Advisory Committee today so he could not make it. He would have liked to but he asked me to extend his compliments to all of you for signing up for a tour of duty on this committee, which does important work. It is thankless and difficult. We get bogged down in technical things but we appreciate the opportunity to come and debate the grammatical clauses of legislation and the other bits and pieces that we get into.

Very briefly, the Australian Energy Producers represent oil, gas and lower emissions fuels nationally. In Queensland, that largely means there is a body of small explorers and producers who are looking to produce domestic gas to service Queensland and, increasingly, our southern neighbours as well as the gigantic export facilities on Curtis Island.

Like Jon, we have recently done a study. We have looked at the industry spending to try to track the industry. It looked back a dozen years to say: where has the industry been spending money, where does it employ people, what jobs does that support and how can we show that that export activity delivers a tangible benefit for the communities that host our activities? Over that 12 years, the annual average amount of spending was about 4.1 per cent of the Queensland economy so about one in 20 dollars in the Queensland economy was underpinned by gas activity over that 12 years and about 2.7 per cent of Queensland jobs. It is a capital intensive industry but is still providing an important flow of jobs and activity, particularly in regional areas. We were a bit surprised at how regional that spending was. Almost 60 per cent of the spending was outside Brisbane so we are seeing a lot of that activity in regional areas.

The reason I talk about those big numbers is partly because that is what industry associations do when you ask them to talk about anything. They are going to talk about themselves first and that context is important. If you look at the submissions that you have received on this bill, a lot of submissions jump immediately to the problems that their particular industry would like to see solved and the productivity barriers that they would like some help in clearing.

I wanted to use the big numbers from the coal seam gas industry to talk about the standard-of-living dividends that we are enjoying today from those past decisions. At the risk of sounding like Scrooge, the ghost of policy decisions past is what has delivered us those jobs and activity today. I think the opportunity that you have as a committee is, by improving Queensland's regulatory architecture by debating the best form for a Queensland productivity commission, you are actually improving the way that not just policymaking is done in Queensland but also consultation.

Our recollection of the previous incarnation of the Productivity Commission was that it was actually really useful in terms of not only a sensible grown-up policy debate about trade-offs and costs and benefits but also a reminder to everyone involved in the policy debate what good consultation looked like. You did not see the process that, ironically, we have with this bill where the committee is being used as a stopgap to hear from stakeholders about their views for and against and concerns, and individual stakeholders themselves are finding out about what their peers and colleagues think about the bill at the committee, which I would argue is too late. A good consultation process, like the ones we saw the Productivity Commission run in the past, were very well structured with a clear process of submissions and hearing from everyone, and it often allowed stakeholders to shift their position. They would agree with nuances in other points. You would find you actually improved the standard of the policy debate.

I am completely failing to be brief but, in summary, we think poor Queensland regulation undermines productivity. Good policy today underpins tomorrow's standard of living. Better analysis and better consultation deliver better policy outcomes. I welcome the opportunity to answer any questions.

Ms ASIF: My question is to the Queensland Renewable Energy Council. In your submission you stated that you want to see independent research. On the last page at point 4 you state—

... any research the Commission is seeking approval from the Minister is made public, with the statement of reasons and final decision by the Minister also made public.

I think transparency when it comes to this is very important. Could you tell us more about why you think it is important and what you think transparency will do when it comes to the work of the Productivity Commission?

Miss Mulder: Thank you for the question. It is a great question. Overall, on the transparency and accountability of the process itself, Andrew talked about the consultation period and that is a really important part of good policy but also legislation around whether you have consulted appropriately, does it fit with fundamental legislative principles and all those sorts of things. In terms of the transparency aspect, with regard to our industry and regulation overall our end consumer is everyday Queenslanders. We are also typically an energy exporter state so it could be consumers in other states as well. Providing that level of transparency at arm's length through a Queensland productivity commission is certainly something that we wholly support.

Ms ASIF: Would you say the words 'transparency' and 'independence' should specifically be included in the bill?

Miss Mulder: That would be great; yes, absolutely.

Ms ASIF: I think so, too.

Mr SMITH: My question is to the Australian Energy Producers. Andrew, in your submission you talk about clause 15, which refers to the composition of the board. You talk about concerns around the wording 'The board consists of at least 1 but not more than 4 persons' because there could be a potential for an odd number there. Would your preferred position be that it says at least two but either two or four? Is it that you do not want odd numbers?

Mr Barger: Apologies; that is probably the odd phrasing in the submission. It sounds like I am being superstitious about not having a majority. I thought the phrasing was peculiar in stating 'at least 1' where '1' is the commissioner. Potentially having a commissioner who is a board of themselves and giving themselves direction about governance did not seem like a great model. It was really just around that arrangement. If you are going to have the commissioner on the board, which I think is a good idea, you probably want to make sure that they at least have somebody to talk to other than themselves.

I guess, in sounding like a smart Alec answering your question, I would probably also reflect on some of the other submissions. I think it was Dan Galligan from Canegrowers who suggested it would be good to have an explicit regional voice on the board. In thinking about some of the productivity challenges in Queensland for industries like mine and for the renewable industry where they are operating in regional areas, it would be good for the commission to reflect that diversity of the Queensland economy and have a regional voice.

The way the board was constructed could perhaps be sharpened up a little bit. That was really the point that we were trying to make in the submission. Apologies if it was unclear.

Mr SMITH: No. It was the deliberate way I phrased my question to make sure that we got a good answer. I think you gave a very good answer, thank you. Adding on to that, of course we are talking about industry. Industry is obviously so important around productivity. A large part of industry, in fact probably the most important part if it falls away, is the workers. Should it be that on the Productivity Commission board, as it is currently with at least one or a maximum of four, there should be representation of the workforce—that is, some sort of representation from the Queensland Council of Unions or a prescribed union body? Should they be on the board to ensure that all of industry and the most important part of industry, which is the workforce, is represented on the board?

CHAIR: I will hand over to whomever would like to comment on that. We are running out of time and I will be moving to government members in a moment.

Mr Barger: I had not thought about that sense of trying to make the board tripartite. Perhaps your question reflects the tenor of the discussion in the previous session where, naturally in the construction industry and with BPIC being the first focus of the committee's hearing, there is a very sharp view on industrial relations where you might want to have a tripartite body. I am also aware that we saw federally with the Commonwealth Productivity Commission that the ACTU was expressing some concerns about the focus of the Productivity Commission being too narrow so perhaps having a formal role for unions there would be helpful.

If you look at what the Treasurer said in his statement, the other priority that he flagged for the Productivity Commission was an intergenerational report. I listened to Jon from the Constructors Association talk about skills shortages and the need for training. Once the commission starts to step into those sorts of areas then perhaps having a peak union body sitting at the table would be useful because they have traditionally provided a strong base, particularly for trades training in this state.

CHAIR: Miss Mulder?

Miss Mulder: No. That was a great answer.

Mr BAROUNIS: Andrew, can you please advise the committee of any productivity decline for your industry within the past five years? If there is, what is the main driver behind those productivity declines? Thirdly, do you think unions should play a significant role in the decline of productivity?

CHAIR: Over to you, Andrew. We have two minutes.

Mr Barger: There were three parts to the question: decline in productivity, the role—

Mr BAROUNIS: The productivity decline in your industry for the past five years.

Mr Barger: I have written that there were three points and I can remember only two.

CHAIR: That is fine. If you just start with the first part and we will remind you of the others if we have time.

Mr Barger: If you look at productivity in the oil and gas industry in Queensland over the last five years, I would say it has definitely been declining—that is partly to do with it being a specialist industry that requires heavy engineering skills, there being all sorts of complicated trades and the difficult roles that the industry performs. If you looked at the reason for that productivity decline, I think the gold medal winner and daylight second would be regulatory intervention. If you look at some of the heavy-handed, clumsy, poorly developed policy interventions that we have seen in gas markets nationally, particularly over the last 24 to 36 months, it is difficult to think of another industry that has had to weather such a storm of a lack of consultation, a lack of understanding of the industry's drivers and a mismatch between the actual need for the industry's product and the investment that generates that product.

That is probably not the answer you were looking for. I do not see any particular big impacts from union activities. Some of the industry's activity sites are unionised and some are not. At the risk of echoing the member for Bundaberg, some of those unionised sites play a really important role in terms of facilitating the safety culture onsite. Hands down, the thing that has been strangling productivity has been clumsy, badly thought through policy interventions.

CHAIR: Thank you. We have just hit 11.30. The time allocated for this morning's hearing has now expired for this group. There being no further questions, we will end this session. Thank you for appearing before the committee today and providing your evidence. I do not believe anything was taken on notice. Thank you.

COOPER, Ms Heidi, Chief Executive Officer, Business Chamber Queensland

GARNER, Mr Andrew, Managing Director, Alvarez and Marsal Australia

RIDD, Dr Peter, Science Integrity Alliance

CHAIR: We now welcome our third group of witnesses: Ms Heidi Cooper, CEO of Business Chamber Queensland; Dr Peter Ridd, representing Science Integrity Alliance; and Mr Andrew Garner, Managing Director of Alvarez and Marsal Australia. Good morning, we have 30 minutes with the three of you. I am welcoming any opening statements that you would like to make. In the interest of time, please stick to the agenda rather than any matters that you might want to talk about that perhaps are not anything to do with what we are here for today. Heidi, would you like to start?

Ms Cooper: Good morning, chair and members of the committee. My name is Heidi Cooper and I am the CEO of Business Chamber Queensland, the state's peak body for business. The re-establishment of the Productivity Commission is central to economic reform in Queensland. We welcome this re-establishment and the opportunity to address the committee on our recommendations for the re-establishment and responsibilities of the commission.

Business Chamber Queensland is the state's chamber of commerce. We represent businesses of all sizes and all industries across every region of our state. Right now, it is really hard to do business in Queensland. Productivity is a major challenge for the Queensland business community. Our data shows that 67.5 per cent of businesses across Queensland express significant concerns about the state's current economic productivity levels. What this means is that businesses tell us they are working harder than ever but they are not seeing the productivity outcomes to match. They tell us it is taking more to do less, with productivity stifled by high costs, restrictive workplace practices, compounding regulatory burden, weak consumer confidence and weak profitability.

In Queensland, these pressures have resulted in the longest sustained periods of low business confidence in 30 years. It is a trend that demands urgent attention. Productivity must be at the centre of policy and investment decision-making and it must be a priority for government. The commission's independence and advisory role will be key to producing credible, high-quality recommendations to improve this situation. This independence must be matched with meaningful and ongoing consultation with industry because we know that business knows business best and we will get the best outcomes if we work hand in hand.

There are five critical areas where the commission can drive meaningful outcomes for business: first, reducing the record high costs of doing business; second, streamlining regulation and compliance; third, boosting workforce productivity; fourth, driving innovation and resilience; and, fifth, importantly, delivering a public service that is efficient, effective and business friendly. More information on each of these priorities is listed in the chamber's submission that has been provided to the committee. The commission's success will depend on more than just setting the right priorities; it requires strong government commitment. This means timely responses to recommendations, adequate funding for the commission's activities and a clear mandate to address the systemic barriers stifling productivity in our state.

The Productivity Commission must take a lead role in driving economic and business outcomes for Queensland and be the primary source of research and advice. It is absolutely essential that the commission's recommendations are acted on, as delays or inaction will mean lost opportunities for Queensland. As the state's chamber of commerce, we want to emphasise the commission's transformative potential. With a dedicated focus on these priorities, the commission can help create a business environment that is not only the strongest in Australia but also globally competitive. This will allow the state to meet its aspirations for once-in-a-generation economic opportunities like the Olympic and Paralympic Games as well as the growth that we will see ahead in our state. Importantly, improving productivity will ensure high-quality jobs, strong economic growth and resilient and thriving communities. Thank you very much for this opportunity and I would be very happy to take any questions.

CHAIR: Thank you, Heidi. Over to Dr Ridd.

Dr Ridd: Thank you very much. The Science Integrity Alliance formed about six months ago. It is an informal group that has people from the sugar industry, the cattle industry, tourism, mining and others. We have a common concern, which is that some of the scientific evidence that is being used for regulations does not seem to be properly quality assured. We are not saying it is wrong, but there is a question mark as to the quality assurance that has gone into that.

An example would be the recent closure of the Gulf of Carpentaria net fishery to supposedly save the Great Barrier Reef. This is a very big deal in the regions, when you consider there are 700 kilometres between the southern Gulf of Carpentaria and the Great Barrier Reef and a lot of land in between as well. There are other industries affected too, such as the horticultural industry in the Burnett region—and the member for Bundaberg will be aware of this. Are the nitrogen laws in that region appropriate, supposedly to save the Great Barrier Reef, when the Great Barrier Reef is a very long way away?

Our interest in the Queensland Productivity Commission is to have it do what we might call scientific audits; it is not to actually become the science arbiter to decide what is right or wrong. You should never do that. To make sure that the information is correct, you would invite the scientific institutions to say what they think the science is, then the Queensland Productivity Commission would mount a modest challenge to that and then the politicians would decide how it should go. That is really what we are proposing.

CHAIR: Thank you very much. Over to Andrew.

Mr Garner: Good morning. Thank you, chair and the committee in its entirety, for the opportunity to provide a submission to you on the Queensland Productivity Commission Bill 2024. My name is Andrew Garner, Managing Director with Alvarez and Marsal, and I am responsible for our public sector and health practice. Alvarez and Marsal is an organisation with a focus on delivering realised value from both the public and the private sectors, with an emphasis on productivity improvements and operational excellence.

Our submission provides support for the bill. In fact, we consider that the re-establishment of the Productivity Commission is imperative for the growth and development of both the private and the public sectors of Queensland. In a changing and fragmented world, it is critical for both our public and our private sectors to continue to improve productivity to maintain the services our citizens expect and the business environment for our economy to grow.

Our commentary on the bill relates to ensuring that section 9 is maintained to allow not only the appropriate scope of operations but also that the commission receives the funding and prioritisation to ensure that critical functions can be assessed and actions taken in a timely manner. Our submission highlights three prioritised areas that offer significant opportunity for our state, in particular considering opportunities to deliver improved services to our rural and regional communities: the continued but refocused application of digital health, which can deliver up to 30 per cent of productivity improvements to facilitate greater time focused on patient care; the material productivity improvements available to the government infrastructure and housing programs that best practice planning processes and expedited decision-making can deliver; and the focus on delivering operational excellence within our government owned agencies and government owned corporations, which our analysis has shown can deliver improvements of up to \$400 million.

We also note the very important references to the need to review and investigate social issues. A critical aspect of delivering the opportunities I have just mentioned is to ensure the inquiry's research and advice assess the impact of productivity improvements and ensure they close and not reopen the gap for Queenslanders, including our vulnerable and First Nations communities across the state. This is particularly important as it relates to the digitally linked productivity improvements. Thank you for the opportunity and I look forward to questions.

CHAIR: I will hand over to the deputy chair for a question.

Mr WHITING: Ms Cooper, you talked about restrictive workplace practices. What ones did you have in mind?

Ms Cooper: Thank you very much for the question, Deputy Chair. This is such an important question to be asking. We hear from businesses across the state that workforce challenges are the No. 1 issue and they have been for a very long time now—several years now. It has a compounding impact. There are issues around continually changing regulation, changing requirements from an employer's perspective and an inability to be able to manage their workforce and having less flexibility to be able to work with employees to do that. There are also costs associated with continual changes in regulation and labour cost changes.

Mr WHITING: So workforce regulation is obviously the big one you are talking about being effective.

Ms Cooper: Yes, absolutely. It is a significant challenge, appreciating that, obviously, there is a federal component to this as well. You will have seen in our submission that we think that there is a lot of importance and value in looking to streamline from a federal and a state level but also for the

state to be looking at ways that it can be advocating for more appropriate regulation and consistency in regulation and legislation so that the business community, particularly our small business community, is not dealing with continual changes in this area.

Mr WHITING: We talked a bit with the Australian Energy Producers about who should be on the board. It talked about a tripartite set-up for that. Who do you think should be on the board? Should there be business representatives?

Ms Cooper: There absolutely should be business representatives as part of this. You would have heard me say in my opening statement—and it is also in the submission itself—that we know that when all parts work hand in hand we will get the best possible outcomes, and we know that productivity is such a significant issue for the business community. I referenced that 67.5 per cent of the Queensland business community have a significant concern around this. Business knows business best and the only way that we will see that productivity uplift in such an important part of our community—the business community—is for them to have a seat at the table to be able to support some of that work.

Mr WHITING: Have you put forward your view about the board composition in any meeting or any particular—

Ms Cooper: No, but we would be very happy to do that if that is something the committee would like.

Mr WHITING: Also, balancing it out with public servants as well from within government; do you think they have a role on the board as well?

Ms Cooper: I think that is something that we would need to have a look at as to how to get the best outcomes. I do think that government and business working hand in hand is really important. We would be very happy, if this was something of value to the committee, to come back with our recommendations on what we have seen work in existing authorities and committees within Queensland. We also have the advantage of being able to look across states and federally as well to see where there are examples of highly effective boards that result in great outcomes from a Productivity Commission perspective.

Mr WHITING: Finally, you said that the commission prepares advice and it should be acted upon. Do you think it is important in that case that all parties see what advice it is that the government is acting on?

Ms Cooper: We do think that independence is a very important element of a productivity commission. Obviously, that is something that we have been talking about in our submission as well as for some time—how it is that we can get strong outcomes. What we want to see is processes that are established that are going to get outcomes for the business community. What we do not want to see is inactivity or inaction. This issue of productivity is so important for the business community that it must be addressed and we want to see processes put in place that ensure these significant issues for the business community can be addressed.

Mr BAROUNIS: Heidi, how do you think the state government can work together with your industry for a better outcome? Are you able to give some examples?

Ms Cooper: Absolutely. We are the state chamber of commerce. We have been in operation for 156 years so we have a long history of working with government to get the best outcomes for the business community and Queensland communities as a whole. There are many examples where we know that government working with industry will get the best outcomes. We know that business knows business best. We also know that government has an important role in ensuring that the right environment exists for the business community to be able to thrive and ultimately for our communities across Queensland to thrive as well.

We see this as essential. We think it is critical business is working with government on these core issues. There are many examples of where that has worked well. We have some in existence now but also historically, and across our nation as well. What we do know is that if business is not part of the solution we do not end up with an appropriate business outcome.

Mr BAROUNIS: Mr Garner, would you like to answer the question?

Mr Garner: I would agree that it is critical that the Public Service and business work together. We have seen it operate in the past where the government has leveraged the chamber of commerce to undertake certain functions on behalf of the government to link it up. I think, generally, to deliver on the outcomes that the Productivity Commission will be looking for it is not just a matter of the board being seen as representing all views. It is critical that the actions resulting from those views have consistent support across the state.

CHAIR: Dr Ridd, would you like to make any comments in that regard?

Dr Ridd: Not in that regard, no.

CHAIR: Dr Ridd, is there any alternative to the Productivity Commission being used for the purpose that you have set out in your submission?

Dr Ridd: You could certainly set up a separate body to do exactly the same thing, but really there is not a great deal of difference between looking at whether some sort of regulation works or whether some economic aspect of policy is working or whether you are looking at a piece of scientific evidence. There is logic and evidence, and you want to make sure the i's have been dotted and the t's have been crossed. There is actually not a huge difference between science and economics.

Ms MORTON: My question is for Heidi and Andrew. What impact has the state government had on productivity across the economy broadly?

Ms Cooper: What I can talk about is what we are told directly by the business community. We regularly survey the business community. In fact, we are at 30 years of Pulse surveys, which is a quarterly sentiment survey run by the chamber. That means that we have incredibly rich insights from the business community. Importantly, we can look deeply into trends to see what is currently occurring. What is concerning at this point in time is that, over that 30-year history, we are seeing the lowest level of confidence within the business community. There are contributors to that. A major one is around productivity. Directly to your question: another significant issue is around economic policy and the effectiveness of economic policy.

When we surveyed our community in the middle of this year—in the June period; in the lead-up to the election we have just seen—77.3 per cent of businesses were concerned about the current government policy and regulation and the impact that that had on their businesses. Only 5.3 per cent of the business community were satisfied with the current economic policy direction of the state. If we go directly to that data that we are hearing from the business community, they have concerns that the current policy environment is not providing the right environment for the business community. They are looking for reform in these areas. It is one of the things that we see as being a key outcome for the Productivity Commission.

CHAIR: Over to you, Mr Garner.

Mr Garner: I will come from a slightly different perspective. The state of Queensland, like the rest of Australia, has been impacted over the past five-plus years by what is probably one of the most complex geopolitical situations we have seen. As we have come out of COVID we have seen all industries, including the Queensland public sector, have impacts on their productivity.

An area of my focus has been health. If we look at the federal Productivity Commission's assessment of productivity within the health industry in Australia, including Queensland obviously, it has actually slightly improved. That is, however, because of improvements in treatment. It is not improvements in processes, technologies et cetera. As such, Queensland, like all parts of Australia, has been impacted by several years of a complex environment, including COVID obviously. Now is the time to assess and decide how we can deliver on the productivity improvements that are available in the world as we move forward.

We have not progressed as we would have liked as a state. That said, there have been reasons for that. We must act now to remain competitive within the global arena but also to make sure our public sector gets the support it needs to deliver on the productivity improvements it can deliver.

CHAIR: Do you have any follow-up questions, member for Caloundra?

Ms MORTON: Andrew, I know it is difficult because it is a complex issue, but what are those factors that have stopped us from moving ahead in terms of productivity?

Mr Garner: COVID is the main one. COVID reshaped the workforce for obvious reasons. We have also seen a fragmented world. We have seen governments having to step in to fill voids et cetera as we have come out of COVID in this complex world. I love the CSIRO's seven global megatrends which highlight some of the challenges facing us. For Australia there is also the aging population. We are in a complex world. The Productivity Commission gives us the opportunity to reshape and rethink in that brand new world.

Ms ASIF: My question is to Ms Cooper. In your submission you have made a recommendation that the Queensland Productivity Commission should recommend to the government to remove regulatory duplication between state and federal IR laws to reduce complexity and overlap. Can you please elaborate on what IR laws you are suggesting they remove?

Ms Cooper: Absolutely. If it would be of benefit to the committee, we have some research on this that we can provide. I do not have that with me today. If it were welcomed by the committee, I could provide some of the information that I have already referred to—some of the data points particularly around some of the reports we have. I would be very pleased to provide that to the committee today, if that is of benefit.

What we hear from the Queensland business community in relation to IR and human resources work in general is that there are specific regulatory elements, which we can provide to the committee. However, it is also the compounding impact of the continual change that has been seen over recent years. What that means for businesses, particularly small businesses, is that it is hard to keep up. It is another regulatory impact and burden on small businesses, even medium-sized businesses, that may not have the capacity within their own workforce to be continually looking at what these changes are.

Ms ASIF: You have asked them to remove regulatory duplication in IR laws. My question was: what specific IR laws are you referring to in your submission?

Ms Cooper: I am happy to provide that to you separately, if that would suit you.

CHAIR: Are you looking to take that on notice as suggested by Ms Cooper?

Ms ASIF: Yes, please. We have talked a lot about independence and independent advice and transparency. Would you say that it is important for the bill to make note that the advice is transparent and independent?

Ms Cooper: You will see in our submission that we support the value of independence. We think that is important. We have seen across many different areas that the effectiveness of a productivity commission is valued in its independence. Having said that, that needs to be balanced with appropriate processes so it is done in a meaningful way and it achieves outcomes. Ultimately, what we are looking for is outcomes. We believe that independence will support that, but the appropriate processes need to be established to ensure that the outcomes are achieved.

Ms ASIF: Do others think that should be included in the bill itself?

Mr Garner: My perspective is that—and I think this was touched on—that should be inherent across government in its entirety. Whether or not it needs to be specifically in the bill, it is not my area of expertise, unfortunately, but—

Ms ASIF: So you do not think the words ‘transparency’ and ‘independence’ should be in the bill?

Mr Garner: I think it should be value across government.

CHAIR: Dr Ridd, did you want to comment?

Dr Ridd: I think transparency is very important. I do not think independence matters too much because as government changes things will go backwards and forwards and there will be some balance.

Mr SMITH: My question is for Ms Cooper. The member for Bancroft was asking before about representation on the board and should there be representation from business. When you think about productivity across Queensland we have primary industries, agriculture, energy, water, business, manufacturing, science and innovation, technology and unions. Should the board be increased to more than four persons to give a true representation of what productivity in Queensland looks like?

CHAIR: Do big boards make a difference?

Ms Cooper: The most important thing is consultation with a broad group of people and enabling diversity of thought. How that is achieved is what the committee is looking at—that is, different processes. What is important is that the voices of those who can best drive outcomes and those who will enable what we are talking about here, which is an increase in productivity, high-quality jobs and economic growth, are represented and that it is done in the way the committee chooses so that it allows those voices to come forward. There needs to be ongoing consultation. We know that this is critical. We know that there are some big issues that need to be dealt with up-front so there must be ongoing consultation.

Mr SMITH: Further to that, how would your consultation with the commission be different to your consultation with government departments currently?

Ms Cooper: We work with every part of government—that is, within Queensland, local and federal. That will be an ongoing piece of what we do. What we see as the benefit of the Productivity Commission is that it will provide a centralised point to look at this significant issue. You listed a whole

lot of sectors in your previous question. What we know is that this is something that impacts all parts of the Queensland business community. It does not matter whether it is agriculture, resources—which you have already heard from—small and family businesses or tourism, all of our major industries are being impacted by this major issue.

The benefit of having a centralised place to look at productivity is that it is not fragmented across government and it has a centralised point. It can drive outcomes because of that. We will obviously continue to work with all parts of government and all levels of government, but on this very important issue we see the establishment of the Productivity Commission as being an important and critical step forward for economic reform in Queensland.

Mr SMITH: I understand that you want the centralisation of productivity. Government departments are there and they reflect government, government reflects the majority of the parliament and the parliament represents the majority of the constituents of Queensland. That is why the parliament is so important. Why would a productivity commission not be as valuable if it were within a department? Why does it need to go off separately and not actually reflect the government of the day which is reflective of the majority view of Queenslanders enshrined within the parliament? Why are we going off and denying members of parliament the right to do their jobs through committee work and the department to do their work and send it off to a so-called independent commission that is at the whim of the Treasurer who is one individual?

Ms Cooper: There are a lot of examples nationally where productivity commissions are very effective and we see a lot of value in that. I think the strongest reason something needs to be done is that it is not working right now. That is what the data shows. The current system that has been established and the current processes that have been established have led to a situation where 67.75 per cent of the business community have significant concerns around productivity in our state. We also know that they—

Mr SMITH: Can I confirm: is that data from members of the chamber of commerce or is it from across all areas? Where does that data source come from?

Ms Cooper: If the chair would like, I can submit the data report for that. It is all businesses in Queensland. We represent every business across Queensland and every one of them has an opportunity to contribute. This data was collected through surveys as well as from in-person consultation, road trips throughout the regions and thousands of voices of businesses across Queensland.

Mr SMITH: Could you please also supply the survey questions? Could you please take that on notice?

CHAIR: Member for Bundaberg, just hold onto that for a moment and we will deal with it at the end.

Mr SMITH: Just quickly—

CHAIR: Excuse me, member for Bundaberg, I have called you to order. I call the member for Maryborough.

Mr SMITH: Sorry, I did not realise this was a protection racket.

CHAIR: Member for Bundaberg, you are reflecting on the chair. I ask you to make an apology.

Mr SMITH: I withdraw.

Mr BAROUNIS: My question is to Dr Ridd. Looking at the summary in your submission, you strongly support legislation to form the QPC. What is the link between your field and the productivity of the state?

Dr Ridd: If you have an environmental regulation based on science which could be wrong because it has not been properly quality assured, for example, you could: stop a \$200 million coalmine, which has happened; close down the southern Gulf of Carpentaria fishery; drastically restrict the cattle industry because of vegetation management laws; curtail the sugar industry because nitrogen and pesticide uses have to be changed; close down a forestry industry, which has happened; or damage the tourist industry because a lot of the information that is coming out about, for example, the Great Barrier Reef is scaring tourism away. We have estimated that probably by itself costs \$500 million a year.

CHAIR: The time allocated for this morning's hearing has now expired. There are no further questions for this session. There have been some matters taken on notice. I ask the member for Bundaberg to clarify what he wanted to put forward, as I indicated to him I would give him an opportunity to do.

Mr SMITH: If you could take on notice the survey results, all of the data around the survey and all of the interactions—the questions and the way the responses were collected, analysed and formulated in the survey, please.

CHAIR: Assuming they are publicly available. We will ask you to give consideration to that. Questions taken on notice are required by 12 noon on Friday, 20 December 2024.

Proceedings suspended from 12.02 pm to 12.12 pm.

DEVINE, Ms Wendy, Legal Policy Manager, Queensland Law Society

SAMPSON, Ms Kerryn, Senior Policy Solicitor, Queensland Law Society

SHARPE, Ms Anna, Chair, Privacy, Data, Technology and Intellectual Property Law Committee, Queensland Law Society

CHAIR: I now welcome representatives from the Queensland Law Society. Would you like to make an opening statement before we start questions?

Ms Sampson: Thank you for inviting the Queensland Law Society to appear at the public hearing on the Queensland Productivity Commission Bill 2024. I would like to respectfully acknowledge the traditional owners and custodians of the land on which we are meeting today and pay respects to elders past and present.

As noted in our submission, QLS is generally supportive of the bill, which will establish the Queensland Productivity Commission. We recognise that the policy intent of the bill is to enable the commission to request information from government agencies as part of their inquiries; however, information-sharing powers must be balanced with adequate protections of personal and confidential information. The threshold question must be whether it is necessary or reasonable to share the information. The moment such information is shared there is an elevated risk of the inappropriate disclosure of personal and confidential information. As we have seen from recent high profile data breaches, this can have devastating flow-on impacts to individuals, entities and collecting agencies sharing such information. We recommend amending clause 35 to ensure this balance is struck.

It is important to remember that government agencies collect personal information for specified purposes. An individual providing personal information consents to that particular purpose. It is concerning that the bill would require an agency to provide personal information to the commission where the affected individual did not contemplate or consent to that information being shared for that purpose. Anna will briefly elaborate on some of the points in our submission.

Ms Sharpe: Many Queensland government agencies hold datasets containing personal information and the confidential information of businesses, large and small. Clause 35 of the bill would empower the commission to require agencies to hand over a copy of the data of which those agencies are custodians if that data relates to a commission inquiry or commission research or advice. However, there is no mechanism in the current text of the bill for the protection of businesses' confidential information or for the proportionate treatment of the confidential or personal information of individual Queenslanders.

We suggest that the drafting be amended so that the agency that is being asked to provide the dataset can decline to comply with the notice if what is being requested contains personal information or confidential information and is not otherwise reasonable or necessary for commission business. We also suggest there be mechanisms to preserve anonymity and de-identification of identifying personal information.

Finally, we recommend there be measures to work with the Office of the Information Commissioner of Queensland to develop guidelines for agencies in responding to requests for datasets from the commission. This is particularly important where, as Kerryn mentioned, personal information was disclosed to the agency for another purpose such as a purpose other than the provision in question.

The information governance gap created by clause 35 of the bill is compounded by clause 39 of the bill. It would exonerate commission staff for uses and disclosures of any datasets containing confidential information if the dataset contains information about an individual which has been de-identified. We suggest that provision be removed because it undercuts the confidentiality protection that we see as being part of the intention of the bill, if not the execution of the bill, and it creates a further risk of use or disclosure of personal information.

In conclusion, I would like to reiterate the point that Kerryn Sampson mentioned. It is critical that legislation dealing with data sharing across agencies responds appropriately to the challenges we are all facing now with increased digitisation. Any time information is shared, including electronically, there is a heightened risk of inappropriate and unintended disclosure.

The Queensland Law Society would be very pleased to work with the committee to develop potential amendments to address the issues we have outlined. Thank you for your time. We would welcome any comments or questions.

Ms ASIF: Do you think the words ‘transparency’ and ‘independence’ should specifically be added to the bill?

Ms Devine: I am afraid that is not something we have turned our minds to today. We have focused on the information-sharing issues. That is not something we could comment on today.

Mr SMITH: I might just go back to the point you were addressing around datasets. Which current entities in Queensland are able to access personal details from the datasets of other entities? Is it the police through warrants, the CCC? Are there other established bodies in Queensland that have the kind of power that is being proposed in the bill?

Ms Sampson: Thank you for the question. We would not be able to answer that in full and we would have to take it on notice. Sorry, is your question about whether there is an equivalent power?

Mr SMITH: Which other entities in Queensland can currently access data sets from other entities which include personal information? Which other entities have the same powers that are being proposed in clause 35 of this bill?

Ms Sampson: That is not something we could answer. We have focused on the purpose of the Productivity Commission and the nature of the power in the bill for these purposes.

Mr SMITH: Does the proposed ability for personal information to be included from the data sets of other entities and reports to be authorised through the parliament or the minister, instead of a parliamentary committee, raise concerns for the QLS? An example is: the CCC wish to put forward a report, it goes to the PCCC and then they make a determination. Would a similar system be better if there is the potential for personal information to be recorded in a report that is submitted from the Productivity Commission? Should it go through a parliamentary committee?

Ms Sampson: We would say that the best place to determine the release of personal information is at the relevant entity level. That is why we have gone back to make sure that there are appropriate safeguards in the power to require information in clause 35, so that only information that is relevant and necessary is released to the Productivity Commission, because once that information is released, as I said in my opening statement, there are increased risks. It is really important for agencies, and receiving agencies, to consider that only information that is appropriately released is disclosed, particularly in circumstances where government agencies are collecting significant amounts of personal information for particular purposes. It is really important for that information to be protected appropriately.

CHAIR: The time allocated for this afternoon’s hearing has now expired. Thank you for appearing before the committee today, and for providing your evidence.

TOSH, Mr Nate, Industrial and Legislation Policy Officer, Queensland Council of Unions

CHAIR: I now welcome Mr Nate Tosh from the Queensland Council of Unions. I invite you to make an opening statement after which committee members will have some questions.

Mr Tosh: Thank you, Chair, and good morning committee members. I would like to acknowledge the Turrbal and Yagara people as the traditional custodians of the land on which this hearing is taking place. I pay my respects to elders past and present and to any first nations brothers or sisters who are here today or watching online. I think the QCU's written submissions are fairly clear but I will make some opening remarks. The narrative around the bill has been centred on the election commitment of the government to re-establish the Queensland Productivity Commission which one would assume has the same or similar terms to the previous iteration. This committee heard in the public briefing from the department last Wednesday that the core functions of the Queensland Productivity Commission established by this bill closely mirror those of the Australian Productivity Commission.

Given that narrative, it is worth noting that the functions of the previous iteration related to matters of productivity, economic development and industry in Queensland. That is in section 9 of the 2015 act. The functions of the Australian Productivity Commission that relate to industry, industry development and productivity. That is in section 6 of the Commonwealth act. The broad nature of the main purpose of the bill, and the functions of the statutory body established by the bill, means its work and purpose is not confined to the same or similar terms. The bill appears to have taken the broadest definition possible, presumably to allow the commission to provide centralised policy and legislative advice on any matter. By way of example: the scope of the commission relates to social issues which are undefined in the bill. This could relate to discrimination laws which exist for a social good. If matters such as introducing substantive equality measures or reasonable adjustments are only considered from a productivity or economic growth angle, they would most likely be ruled out. The Productivity Commission is not the appropriate body to undertake inquiries or research or to provide advice about these sorts of matters and yet, as drafted, they could be tasked with doing so. This attempt to widen the remit of the Queensland Productivity Commission requires the careful consideration of the committee.

Before I close, I will also touch on something that was not in our submission which we have noted with the benefit of more time to review the bill: that research conducted on the commission's own initiative was not subject to approval in the 2015 act. That is in section 37 of the bill and section 30 of the 2015 act.

The government have made comment about the previous iteration of the Queensland Productivity Commission being abolished by the former government because they did not like a report that was published. The bill is drafted to prevent that from happening in the first place. We submit that that is a risk to the independence of the Queensland Productivity Commission, as is the bill failing to prescribe that a ministerial direction cannot be about the content of any report that is published by the commission—as it was in the 2015 act. It is confined to only advice or recommendations given by the commission. Thank you.

Mr WHITING: The term 'productivity' is mentioned a lot in the title of the bill but, as you pointed out, the content of the bill or its functions do not seem to relate to productivity much at all. From what we have heard from a lot of the submitters today it seems to be about dropping the hammer on workplace relations; would that be correct?

Mr Tosh: That is ultimately a matter for the government to determine but it would appear—at least from what I have heard; I have not read all of the submissions or heard all of the submitters to the committee—to be a lot of discussion around matters which, I would submit, do not strictly relate to productivity or economic growth. They seem to stray into the area of those broader definitions which are in the functions of the bill which I guess allow, in our view, the commission to be used as a vehicle to make an inquiry into any particular matter.

Mr WHITING: That relates to the point you made: it has very broad categories. So, in the name of productivity, the government can launch an inquiry into any economic or social matter?

Mr Tosh: Yes. If I could just clarify, it need not be in the name of productivity as it is currently worded. Productivity, as referenced in our submission, appears in the bill 69 times and only one of those is not the name of the Productivity Commissioner and so on. The only meaningful reference to productivity in the bill is a matter of the commission is to 'having particular regard to'; it does not even say they must have particular regard to it. It is a matter that is mentioned once meaningfully. As currently drafted, the inquiries and the research do not need to relate to productivity at all.

Mr BAROUNIS: The QPC was abolished in 2021. What was your position then? The former government abolished the independent Productivity Commission in 2021. What was your position then?

Mr Tosh: I will have to take that on notice. I was not with the QCU at the time, so I am not 100 per cent sure what the position was. I do not want to mislead the committee. If I could take that on notice, I am happy to provide a response to that.

CHAIR: We are going a few minutes over the allotted time for this section because we started late. I call the member for Caloundra.

Ms MORTON: I do not recall earlier submissions today being anything to do with dropping the hammer on workforce relations, so I wanted that to be noted.

Mr SMITH: You were not paying attention, then.

Mr Tosh: Could I respond to that—if I can?

Ms MORTON: Do you see for Queensland an issue with an independent body managing productivity?

Mr Tosh: There would be no issue if it is truly independent. The question will be whether or not it will be. Some submitters have spoken about an idea of having a tripartite system. That might ensure that all stakeholders have a seat at the table and that those views are taken into consideration. The answer to that question comes down to what the government views as independent.

Ms MORTON: So do you think the proposed bill and the proposed Productivity Commission are less independent than a department sitting within Treasury?

Mr Tosh: It would appear at the moment that it is, given some of the remarks we have made in our submission around the fact that ministerial direction in particular does not extend to content in a particular report as well as research requiring approval of the minister. There seems to be a lot of ability for government or ministerial intervention in the work that the commission does. In terms of independence, that would be the first matter. Then the second matter would be, as others have commented, ensuring independence by making sure that the views of all relevant stakeholders are taken into account, so tripartism and the like.

Ms MORTON: The question, though, was specifically a direct comparison to what currently exists, which is a department that sits within Treasury. Do you think the Productivity Commission would not offer more independence?

Mr Tosh: Are public servants not bound by their code of conduct to be independent? If they are not, they can be found to be in breach of the code of conduct. It says they have to be. As a good public servant, they must be independent. They must provide frank and fearless advice. I believe that is what this government expects and what it has said repeatedly, so I would expect that departments would be.

Ms MORTON: Thank you for that. Do you see a link between productivity, the role of your organisation and inflation?

Mr Tosh: I am not sure what the question is getting at.

Ms MORTON: Do you have a position on the impact that a low productivity rate has on inflation?

Mr Tosh: I am not an economist, so I am not going to make comment on that. What I will say, though, is that in any conversation about productivity workers are at the core. Nowhere would be productive without the labour of workers, and their voice should be part of any conversation.

CHAIR: Well said. The time allocated for this part of the hearing has now expired. Thank you for appearing before the committee today and providing your evidence.

Mr WHITING: The member for Bundaberg has some questions.

Ms ASIF: I also have some questions—

CHAIR: Unfortunately, the time has expired.

Ms ASIF:—that I might have to put on notice.

Mr WHITING: Can we put them on notice in that case?

CHAIR: The time for this part of the hearing has expired.

Mr WHITING: Can the members at least put their questions on notice?

CHAIR: By all means put questions on notice if you would like the committee to write to the Council of Unions, absolutely.

Mr WHITING: Can we ask those now so we can agree that we take those on notice?

CHAIR: The time for this session has expired. We thank you for your time here today.

Mr WHITING: Chair, just to clarify, we need to write to you to put our questions on notice; is that correct?

CHAIR: If you would like to do that, you are more than welcome.

Mr WHITING: We would like to do that.

CHAIR: I now welcome to the public hearing our next witnesses.

CAMERON, Mr Dean, Legal Practice Director, Workforce Advisory

MAWHINNEY, Ms Sarah, Executive Director, McKell Institute

CHAIR: Would you like to make an opening statement before we start?

Ms Mawhinney: The McKell Institute acknowledges the opportunity to provide input on the Queensland Productivity Commission Bill 2024. We acknowledge the traditional owners of the land on which we meet and pay our respects to elders past, present and emerging.

Our submission aims to address key aspects of the proposed legislation and offer suggestions to enhance its impact on productivity and economic growth in Queensland. The Crisafulli government received a clear mandate from the people of Queensland on 26 October. Included within this mandate was the commitment to re-establish a productivity commission to drive the Queensland economy into the future. Establishing the right foundations from the outset is essential for the Queensland Productivity Commission to effectively drive the success of the Queensland economy. What will drive the next generation of growth in Queensland? Answering this should be the focus of the Productivity Commission. It is unlikely that growth of the Queensland economy will be found in the minor tinkering of liquor licensing, trading hours or reviews of labour market changes which such commissions sometimes want to focus on.

We encourage the Queensland government to be ambitious, and in this they can look to their federal counterparts for inspiration. The most recent reform to the Productivity Commission at the federal level took place in November 2023 when Commonwealth Treasurer Jim Chalmers, in consultation with incoming chair Danielle Wood, introduced the first statement of expectations for the Productivity Commission requiring it to consider the major forces impacting Australia: diversifying its skills base, data capability and analytical frameworks; and improving its communication, external engagement, culture and governance arrangements. Specifically, that included technological and digital transformation, climate change and the net zero transformation, population aging, rising demand for care and support services, global shifts such as geopolitical risk and fragmentation.

Over the next decade Queensland is well positioned to experience transformational growth driven by advancements in renewable energy, population expansion and investments in infrastructure as we build to the 2032 Olympics and beyond. A renewed Queensland Productivity Commission with a clear and ambitious charter from government could help drive this growth and productivity.

CHAIR: Thank you.

Mr Cameron: We do employment law. We have made a submission to the committee supporting the Productivity Commission and supporting its broad powers to get in and help. You will see from a lot of submissions today that industries are looking for assistance. That may include direct assistance, not just advice. We have 28 years experience in the construction industry which has given us a particular viewpoint. We would also like to encourage the commission to consider things like safety and value. We acknowledge that the workforce represents approximately 50 per cent of most activities in the industry and in the community, so workforce productivity, employer productivity and industry productivity all go hand in hand and all need to be addressed.

We would also like to address the value, and the government's current pausing of BPIC tries to address the value issues that are currently before the government in relation to their projects. We would also like to address our other two submissions, which relate to the powers of the Productivity Commission. We do not believe that the powers to gather information and require information are sufficient, and we do not believe that the current confidentiality powers of the commission are sufficient. We would like to see those extended to in camera submissions as well as requiring people to attend examinations, possibly including attending question-and-answer sessions. These powers exist in many other acts including health and safety acts, food safety acts and the Ombudsman Act. We would like to see the powers of the commission expanded to ensure that people participate and that the commission has a full understanding of the problems before it.

CHAIR: I call the deputy chair.

Mr WHITING: You state in your submission that you believe the commission will be the new go-to body—a policy tiger, not an academic kitten. What is the basis of that belief? Who did you talk to in order to gain that belief?

Mr Cameron: It is just a personal belief. Obviously before the election the now government came out and said they were going to fix some of the productivity issues. From a construction point of view, we take the view that the commission will do a thorough investigation of the needs of the industry, get all the participants of the industry involved and try to address the massive productivity

issues that we face. Take, for example, construction. Five or six years ago it used to run on a six-day construction program. It is now running on a three-day-a-week construction program. In anyone's terms that is unacceptable in terms of the value for the Queensland people.

Mr WHITING: What other bodies have been an academic kitten? The previous?

Mr Cameron: I am not here to comment on other bodies that have been an academic kitten, but certainly there are other government authorities and bodies that have not lived up to the demands of the Queensland people.

Mr WHITING: What is the basis of your belief that it is going to be a policy tiger?

Mr Cameron: It is front and centre in the *Courier-Mail*. That is exactly where we are getting our intelligence from. We do not have a nod or a wink. The reality is that it was front and centre during the election and the state government is facing over \$10 billion worth of public works. Public works will probably represent the majority of construction works over the next five years and we would expect the Productivity Commission would be tasked with addressing those issues.

Mr WHITING: You talked about the work it is going to do. You said it intends to deliver change across a range of different areas across government to increase productivity. What is the area that you think it should look at?

Mr Cameron: My opinion is that construction is a big target, and the government has said that. Construction is a massive target for the Queensland government to get value for money and deliver their projects on time, on budget and within a reasonable package to look after the industry participants. The industry is best described as needing a 'daddy' figure. It needs strong regulation.

Mr WHITING: Sorry, a what?

Mr Cameron: A 'mummy' figure or a 'daddy' figure—a parent.

Mr WHITING: Is that the government or the Premier?

Mr Cameron: No, the construction industry. The construction industry needs that parent figure in order to help it manage its arrangements.

Mr WHITING: You said that the workforce represents 50 per cent of the activity of industry. If that is focusing on the construction industry, you believe that must therefore focus on the workforce in this sector; is that correct?

Mr Cameron: It has a large part to play. Yes, material supply, the capacity to get approvals through government, local government involvement and infrastructure all have a role to play, but obviously in relation to building a construction building, the reality is that it is built by workers. The good men and ladies of Queensland who get out there and get involved have a large part to do with the productivity. We heard earlier this morning about the dewatering of a construction site. I suggest that was probably two people walking around dewatering the construction site while 30 people sat in the shed.

Mr WHITING: Maybe so, and I will not go into that, but I have certainly previously stepped into a puddle which has been dangerous. Ms Mawhinney, the focus has been on workplace relations but, reading what you have here, if we are talking about productivity there are so many other areas that have a bigger impact; am I correct?

Ms Mawhinney: Absolutely, and we really feel like the deregulation agenda has been the interest of productivity commissions at the federal level and certainly at the Queensland level for a long period of time and, in fact, there is probably not a lot more that can be done there, although the regulatory reform piece continues and should continue to be a priority of government. If we look at productivity driving the Queensland economy, which is one of the stated intents of this bill, it is not going to be a negotiation on the reduction of wages or conditions as some might argue. The Productivity Commission, as it has been at the federal level, should be tasked at looking at how to drive the economy into the next decade and beyond. There is a huge opportunity if it is given the right direction and mandate to achieve amazing things for the state while not just focusing on tinkering at regulatory reform, which previous productivity commissions have been focused on.

Mr BAROUNIS: Mr Cameron, do you think if the former government had made adjustments to the QPC a long time ago we would be in a better situation now?

Mr SMITH: I raise a point of order, Chair. I just wonder if the member might be able to rephrase that question as it is seeking an opinion of a hypothetical nature.

Mr BAROUNIS: No, it is a question; it is not of a hypothetical nature.

Mr SMITH: Well, it is. Most questions are.

CHAIR: Would you like to put the question again?

Mr SMITH: I might just ask, Chair, if you could please rule on my point of order that it is seeking an opinion and the member for Maryborough may wish to rephrase his question.

CHAIR: I did not hear it as seeking an opinion, but I am asking the member for Maryborough to ask the question again.

Mr BAROUNIS: Okay. I withdraw my previous question and I will rephrase it. Mr Cameron, what impact has the former state government had on productivity across the economy broadly?

Mr Cameron: I think BPIC had a big impact on productivity, and that was a policy of the previous government. I think the other issues to be concerned about are some of the other statutory changes that this previous government made in relation to cash flow. The industry needs more support in relation to cash flow and the management of those risks and the allocation of those risks. I think that had impact upon the productivity industry as a whole, and I think that has been demonstrated in the high insolvency rates we have seen in the industry. The reality is that BPIC had a big impact upon productivity through expectations and interactions—and we could be here all day on that—but my concern is moving forward. My concern is in relation to getting value for the Queensland people. My concern is to lower risk, lower disputation and ensure the Queensland people get value for their money and their projects on time to the best of our ability.

CHAIR: I will call the member for Caloundra.

Ms ASIF: Chair, I also have a question.

CHAIR: Yes, thank you. We will deal with your question in a moment. I am calling the member for Caloundra.

Ms MORTON: Thank you, Chair; this is a quick one. Mr Cameron, you referred to the—I am not going to get the term right—six-day-a-week cycle that is now a three-day-a-week cycle. Can you really quickly clarify for the committee exactly what that looks like?

Mr Cameron: If you are building a multi high-rise unit, for example, you try to finish a floor a week on average, so what that means is that you program for concrete to be poured five or six days a week. It is a construction program timing arrangement. However, if your program is slowed because of labour force issues or supply issues, that means that you are now only programming to get progress on your construction site three days a week, so typically that means you are pouring concrete three days a week, not six days a week. That obviously has a massive impact upon how long it takes to deliver a construction program and the holding costs associated with that construction program. That is also consistent with the submissions you heard this morning from the UDIA and from the Australian Constructors Association, so the industry's experience has been that productivity has massively declined over the last three to five years.

Ms MORTON: Thank you very much.

CHAIR: I call the member for Sandgate.

Ms ASIF: Thank you, Chair. My question is to Mr Cameron. You stated in answering the member for Bancroft's earlier question that you were getting your intelligence from the *Courier-Mail*. I would ask that you refrain from doing that when submitting to a government committee and look at facts. Going off your submission—

CHAIR: I am sorry but, member, may I bring you back to asking a question and not making—

Ms ASIF: Absolutely; I am getting to my question.

CHAIR:—suggestions. The witnesses have a wide range of places that they can draw their opinions and thoughts from and the *Courier-Mail*, as has been known and proven by the previous Labor government in the past, is one of those sources.

Ms ASIF: Chair, I would like to ask my question.

CHAIR: Thank you.

Ms ASIF: Your submission states—

A Productivity Commission is needed to deliver industry reforms, reset the balance, and address areas of the industry including:

...

- deemed labour and non-labour components of progress claims for rapid payment on labour components improving cashflow and wage security.

Could you elaborate on what exactly you are asking the Productivity Commissioner to look at, given you have mentioned that?

Mr Cameron: That part of our submission is talking in relation to cash flow in the industry. As I mentioned, insolvency has been high in the industry and insolvency largely comes from profit and cash flow. A large part of our industry is a labour component, so we have materials and we have labour and there is a longstanding—I think it goes back about 30 years—deeming of the labour component of costs. This is largely used by OSR, the Office of State Revenue, in New South Wales, Queensland and Victoria and has been harmonised since our friend Kevin Rudd.

The reality is that it enables the community to estimate or deem a component of that bill to be labour. Take, for example, painting, when you get a painter out and you pay them for painting a room in your house. On the balance of probabilities as deemed under the OSR rules, 90 per cent of that payment is for labour. If that labour component was automatically paid within 28 days and the remainder of that component was subject to a contract or other terms, you would fix the industry cash flow issues in that there would be sufficient cash in the subcontractors' accounts to pay the labour component. That labour component as a percentage changes across different trades, and you will find the OSR publish a list of trades and the deemed labour component, obviously for the purposes of payroll tax, but it may be applied for other circumstances. These are general rules of thumb: if you are building a high-rise tower in Brisbane, 10 per cent of that construction cost will be air conditioning, 10 per cent of that construction cost will be plumbing, and the list goes on.

Ms ASIF: Thank you.

CHAIR: Are there any other questions?

Ms ASIF: That is all.

CHAIR: That is it from you? All done?

Mr WHITING: The member for Bundaberg has a question.

Mr SMITH: It is a pretty quick one. Mr Cameron, there is a lot of conversation about mandates. Do you believe that if the government does not act on a suggestion from the commission it risks losing integrity and respect throughout the broader industry? If the commission comes forward and says, 'We believe this is the best way for the government to act' and the government chooses not to accept the suggestion of its own Productivity Commission, can that actually weaken confidence in the industry?

Ms MORTON: Like the last five years.

Mr Cameron: If I understand the question correctly, if the commission comes out and makes a number of recommendations but not all of the recommendations are taken up by the government? That is what we have experienced in the past. The reality here is that our industry has been the subject of multiple royal commissions, inquiries, coroners reports and workplace health and safety investigations. We are one of the fourth largest industries in the state. We are probably going to take up a big chunk of your budget in the next 10 years. We do not expect you to do everything, and the reality is that our industry is complex; it has multiple layers and multiple people involved. I would love to spend time here explaining to you how that works in relation to subcontractors, employees, unions, developers, contracts and government departments.

The best point that I have put in our submission is the golden rule: he with the gold makes the rule. That is how our industry works, whether that is by contract or by consent. If you have the gold, you get to make the rules. The state government is holding the gold for the next five to eight years of construction work—the majority of construction work in our industry. Now is the time that you can use your gold to set the rules.

CHAIR: Thank you, Mr Cameron. The time—

Mr SMITH: Some of us might say that collective action is the gold, but that is okay.

CHAIR: Thank you. The time allocated for this session has now expired. Thank you for appearing before the committee today and providing your evidence.

Mr Cameron: Thank you.

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

HEATON, Ms Kelly, Director, Economic Policy, Economic Strategy and Home Ownership, Queensland Treasury

WILDIE, Mr Patrick, Assistant Under Treasurer, Economic Strategy and Home Ownership, Queensland Treasury

CHAIR: I welcome the representatives from Queensland Treasury. Thank you for being patient. We are running about five minutes behind time, but I am sure you will be able to answer all of our questions. We do intend to give you the full measure from the perspective of providing you time to answer any questions. Are there any opening statements that you would like to make?

Mr Wildie: Yes. I thank you for the opportunity. We were going to have Sean Moroney with us but he is actually ill, so Kelly Heaton has joined me.

CHAIR: Thanks for stepping in, Kelly.

Mr Wildie: Thank you for the opportunity to provide an initial response to the committee on the stakeholder submissions that have been received and that were discussed further by witnesses in today's hearing on the Queensland Productivity Commission Bill. I am accompanied today by senior staff from both the economic strategy division with Kelly Heaton and from our legal and administrative review office with Rebecca Daniells. If it pleases the committee, I will just make a short opening statement and then I am happy to take any questions from the committee.

The government has emphasised, as reflected in the bill, that a re-established Queensland Productivity Commission is aimed at providing independent economic, social and regulatory policy advice to government to help lift productivity, drive economic growth and enhance living standards for Queenslanders. The Queensland Productivity Commission Bill will establish the QPC as an independent statutory body to formalise its operational independence, functions and governance framework. I note the committee received 21 public submissions, which were reviewed initially by Queensland Treasury, and we have identified some common themes among the submissions, some of which were touched on again today.

Firstly, there appears to be clear support across the vast majority of the submissions for the establishment of an independent Queensland Productivity Commission, with many of the submissions and witnesses noting that the Queensland Productivity Commission should help inform the government's consideration of policies to drive economic growth and productivity in Queensland.

Secondly, a selection of submissions and witnesses highlighted the importance of ensuring the confidentiality of information provided to the QPC, including in relation to sensitive or commercial-in-confidence information. The bill does provide protection for confidential information in clause 39. This clause protects confidential information, including personal information, from any misuse or disclosure, in alignment with the information privacy principles in the Information Privacy Act 2009. Treasury also notes that QPC commissioners and staff will all be subject to the information privacy principles in the Information Privacy Act in relation to how they handle, use, store, collect and disclose personal information. Additionally, clause 35(4) outlines reasons why relevant entities may refuse to comply with a notice to provide specific types of information in certain circumstances. While it is not specified in the bill, individuals or entities making submissions to the QPC, as is normal practice, can also identify confidential information within their submissions and request that that specific information or the entire submission be treated as a confidential submission.

Thirdly, a selection of submissions and witnesses commented on various aspects of the functions of the QPC. As outlined in the bill, the core function of the QPC will be to undertake reviews of complex economic, social and regulatory issues and provide advice and recommendations to the government, as specified in clause 9. In clause 3, which outlines the main purpose of the bill, the bill clearly indicates that in undertaking its functions the QPC is to have regard to productivity, economic growth and improving living standards in Queensland. The functions of the QPC as provided in the bill closely align with the scope of functions undertaken by the former Queensland Productivity Commission. However, the scope of functions is narrower in one regard: the bill does not provide for the QPC to have a role in competitive neutrality matters, which are now within the scope of the Queensland Competition Authority's remit.

Finally, some of the submissions outlined a range of views and sought consideration of matters, some of those, which were expanded on and discussed today, related to potential areas of focus for inquiries and research to be undertaken by the QPC under the functions outlined in the bill. Obviously,

Treasury notes that these are matters for the government to consider when determining the future work program of the QPC and the scope of any inquiries or research. Thank you for your time. I am happy to take any questions.

Mr WHITING: We have a cabinet and ministry statement dated 14 November and it states that Treasury modelling shows BPIC would cost an additional seven per cent rent over the next five years and 22,000 homes would not be built.

CHAIR: What was the percentage?

Mr WHITING: Queenslanders would pay an additional seven per cent rent and 22,000 homes would not be built, and that independent economic modelling by Treasury states BPIC is likely to cost projects up to 25 per cent, at an economic cost of \$17 billion. My question is: has that modelling been released and can we get a copy?

Mr Wildie: I am not in a position to discuss that specific modelling in relation to the bill because that really relates to a separate issue. The government has indicated that its initial inquiry would be a review of the construction and building industry, but obviously the scope and issues relating to that inquiry are a matter for the government. I cannot comment on that.

Mr WHITING: Certainly the government, on 28 November, has, in reference to this commission, talked about these specific costs of BPIC and it has referred to modelling by Treasury. My question is: if the government can put this in a release, why can we not see that modelling?

Mr Wildie: I think that question would have to be put to the government separately because of the scope of it. What I am authorised to discuss today is the bill.

Mr WHITING: The modelling is being put as a rationale for this work against BPIC so we want to know who has done it, when was it commissioned and how long it took.

CHAIR: Deputy Chair, Mr Wildie has made it quite clear that he is not in a position to discuss those matters here today. Do you have another question?

Mr WHITING: The rationale for the bill is built up in this modelling. We will put this question forward in a different form. The member for Sandgate has a question.

Ms ASIF: To the point of the member for Bancroft, what I really would like to ask is: obviously we are talking about Treasury modelling that has exposed productivity losses that were made up, that includes the costs to major projects. To make it relevant to this inquiry and the committee, if the Productivity Commissioner is looking at this and looking at productivity losses, in that case would that modelling then be released to the public?

Mr Wildie: Again, I am not authorised to indicate whether or not the government would or would not release modelling.

Ms ASIF: This is not the government. We are talking about the role of the Productivity Commission. We have talked a lot about transparency with stakeholders and also with Treasury. My question is about transparency and accountability of the modelling which will be used to make changes to the regulations and laws of this state. If we are going to be depending on this modelling, will that be released to the public?

Mr Wildie: Again, that would have to be considered within the scope of the appropriate inquiry.

CHAIR: I think we have spent enough time on that. Mr Wildie has made it very clear he is not able to answer those questions further.

Ms ASIF: In the response to Master Builders, Treasury stated that confidentiality for submitters to Productivity Commission investigations would be protected under section 39 and 35(4). These only cover misuse of information obtained by the Productivity Commission and protecting legal professional privilege, parliamentary privilege and public interest immunity. What is the public interest immunity and how would you define that and who interprets it if it is not for the bill?

Mr Wildie: There are particular references in the Information Privacy Act, that would be a separate act, that would specifically outline some elements of that. I might ask our legal counsel to respond to that.

Ms Daniells: Public interest immunity is a common law principle of immunity where you can seek not to disclose information on the grounds that it would expose a deliberative process of government. That usually protects government decision-making, so documents that have gone to cabinet or are cabinet documents are usually protected by public interest immunity. That is generally what is within the scope of that immunity.

Ms ASIF: My point on that would be: that was your response to the submission of Master Builders, to say what they have raised would be covered in public interest immunity. Their submission is not a cabinet document; nor would the evidence that would be given under any specific investigation or independent investigation be a cabinet document.

Ms Daniells: Yes, that is correct, but if you look at 39(1) (b) the scope of section 39 covers all information that any of these categories of people have acquired or have access to due to their performing any of their functions under the act. It is not just protecting information that is acquired under section 35; it is protecting any information that the commission acquires in performing its functions. The intention is, and I understand the meaning to be, that this will protect submissions made to the commission as well.

Ms ASIF: In which case they would not be made public?

Ms Daniells: They would not be able to be disclosed or used by the commission unless it is in the service of its function.

Ms ASIF: Would that just be their personal information—that is, who the submitter is—or the content of what the evidence was?

Ms Daniells: I think there is a definition of confidential information in the schedule. The definition of confidential information, if you look in the schedule dictionary, is information that identifies a person, is commercially sensitive or is otherwise of a confidential nature. The confidentiality protection in section 39 protects both personal information and other confidential information, so commercially sensitive information.

Mr BAROUNIS: Mr Wildie, how will the new QPC help first home owners in practical terms?

Mr Wildie: Again, I suppose that depends on the scope of potential inquiries that it might have, but I think in general, again to the extent that the Productivity Commission was asked to or undertook work looking at issues in that space and it informed government policy that improved productivity and therefore that fed through to reduce, ultimately, costs and prices, that could certainly help a whole range of stakeholders including home owners and first home owners. Again, that would depend on the scope of inquiries that it is given to look at.

Mr SMITH: If we could go to clause 15, which is around the composition of the board, I note 15(3) says—

The Minister may recommend a person for appointment under subsection (1) only if the Minister is satisfied the person is appropriately qualified.

Keeping that in mind, could I first go to who will be undertaking the recruitment of board members?

Mr Wildie: That will be a decision, again, for the government—the process around appointing those commissioners.

Mr SMITH: By ‘the government’ we mean the 52 members of parliament or the executive?

Mr Wildie: Given that they would be significant appointments, they would need to be approved by cabinet and then approved by Governor in Council.

Mr SMITH: The cabinet will be undertaking the recruitment of board members; is that correct?

Mr Wildie: They would need to consider them.

CHAIR: Recommendations are put forward and then they are considered by cabinet. That is the process. I think you are well aware of what the process is. Is there a point you are trying to make?

Mr Wildie: Significant appointments—that is right—are normally recommended to cabinet by the appropriate minister, depending on whoever the responsible minister is for that particular entity that has significant appointments. It is considered by cabinet but then ultimately has to be approved by Governor in Council.

Mr SMITH: The minister will be taking forward the names of those the minister wishes to be considered by cabinet?

Mr Wildie: That is right.

Mr SMITH: Has the minister given any indication as to what ‘appropriately qualified’ means in subclause (3) of clause 15?

Mr Wildie: I have not personally had any direction from the minister on what is ‘appropriately qualified’, but, again, it would be, I think, up to the government and the Treasurer to determine what is ‘appropriately qualified’. Those sorts of terms are also considered more broadly in the Acts Interpretation Act, which spells out the considerations related to significant appointments more broadly and things like that.

Mr SMITH: I guess the question is: how independent will the composition of the board be if it is at the minister's discretion to determine what is appropriately qualified and who they believe is appropriately qualified? Is there not a better way of independence than that for the composition of a board?

Mr Wildie: At this stage I cannot really give an opinion on the extent of independence of decisions of government of significant appointments. There is a whole range of significant appointments across government that are made by government.

CHAIR: That have been set in concrete for many years.

Mr SMITH: If I may, I will move to the side the line of questioning about the Treasurer being ultimately the kingmaker and ask: with the transferring of staff from Queensland Treasury to the commission, I understand that there are comments that they will keep the same conditions and so forth. When future employment is undertaken by the commission, will the commission be charged with that recruitment or will that be Queensland Treasury and then forwarding on those recruited staff to the commission?

Mr Wildie: No, the commission will be able to recruit its own staff going forward.

Mr SMITH: Therefore, will the commission also have the right to terminate staff on its own call?

Mr Wildie: All those existing staff will be transferred over with the exact same rights as they currently have. The Productivity Commission, once established, would be able to recruit its own staff.

Mr SMITH: Which award or agreement would employees of the commission fall under?

Mr Wildie: Are you talking about the ones who have been transferred over or the new employees?

Mr SMITH: Let us start with the transfers and then the new employees.

CHAIR: I might ask if Ms Daniells is able to provide us with some direction in that regard. She seems to be making a few notes.

Ms Daniells: Section 47(3) states—

To the extent an industrial instrument applied in relation to the transferring employee immediately before the commencement, the instrument is taken to apply to the commission in place of the department.

In relation to the transferring employees, the existing Public Service award and Public Service agreement will continue to apply to those transferring staff. For new staff, it will be for the QPC to determine what arrangements apply to those staff.

Mr SMITH: When it comes to negotiations, are we going to have two separate sets of employees working to two different employee agreement standards?

Ms Daniells: That is for the QPC to determine.

CHAIR: That concludes this hearing.

Mr SMITH: I am very happy for you to wrap it up there, thank you, Chair.

CHAIR: The time is 1.15, which is five minutes over the allocated time. I had indicated that we would provide an additional five minutes for questions. Thank you to everyone who participated today. Thank you to our Hansard reporters. A transcript of these proceedings will be available on the committee's webpage in due course. I declare this public hearing closed.

The committee adjourned at 1.15 pm.