

Queensland Productivity Commission Bill 2024

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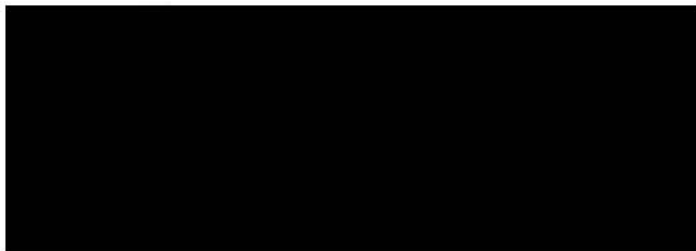
The Chair
Governance, Economics and Finance Committee
Parliament House
George Street
Brisbane Qld 4000

Dear Chair,

The Australian Institute for Progress is an Australian think tank based in Queensland. We thank the committee for this opportunity to make a submission on the *Queensland Productivity Commission Bill 2024*.

Should you have any queries you may contact me by email [REDACTED], or by phone [REDACTED].

Regards,



GRAHAM YOUNG
EXECUTIVE DIRECTOR

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1. Introduction

We believe that an independent productivity commission for Queensland is a good initiative. A Queensland Productivity Commission was established in 2015 and then abolished by being absorbed into Treasury as the Office of Productivity and Red Tape Reduction. We believe re-establishing the commission as a body separate from Treasury is a good step, but there is a little bit of fine-tuning that is required to make it a great step.

2. Need for a Productivity Commission

As a result of the vandalization of the state's finances by the previous Labor government, this government has a lot of repair work to do. For a detailed account of the financial state of the economy, I would refer the committee to Gene Tunny's paper produced for us: *Queensland Government Spending: Implications for Fiscal Sustainability and Inflation*¹. With the current government having ruled out increases in taxes, or cutting any spending which has already been committed to by the previous government, the state can only fix the problem by growing, and that growth will require a dramatic lift in productivity.

We also understand that the first priority of the minister would be to have the Productivity Commission examine the building industry. Another study, this time by Ross Elliott, demonstrates the impact on home ownership of a variety of issues, including the inefficient way infrastructure is capitalised into new homes (*Faster, Better More: How to House Australia*²), while a further study by Joe Brannigan looks specifically at the impost imposed on construction by the *Best Practice Industry Code (Easy Labour: Identifying construction industry cost drivers in Queensland)*³.

Housing is only one area, and there are many others where over-regulation and risk aversion are destroying productivity and denying Queenslanders access to the wealth that this state possesses.

There are a number of state productivity commissions, as well as the Commonwealth one. We regard this last as superior to the others in that it is a fully independent body, with the power to conduct its own inquiries.

We also support the stated intention to produce an intergenerational equity report, as well as dealing with the needs of the Queensland Olympic Games.

3. The Commission should be fully independent

Part 5 of the act gives the minister power to direct the commission to look at particular areas, conduct public inquiries and hearings, and publish a final report. This is essential, and the government should have a close relationship with the commission. However, that relationship can be too close.

In his second reading speech the minister relates the following story:

¹ <https://aip.asn.au/wp-content/uploads/2024/10/Queensland-Government-Spending-and-Inflation-15-October-24-1.pdf>

² https://aip.asn.au/wp-content/uploads/2024/10/AIP_Housing_Paper_Elliott_Final_24_09_29.pdf

³ <https://aip.asn.au/wp-content/uploads/2024/10/Easy-Labour.pdf>

In 2020 the Queensland Productivity Commission released a report demonstrating that productivity had declined under Labor since 2015. The previous treasurer abolished the commission when it provided this awkward truth that did not suit the then Labor government's narrative.

In the same vein it is important that the commission should be able to independently launch its own inquiries, without a specific mandate from the minister. A truly independent commission will have more prestige and clout than one that is captive to the minister and as a result attract better staff which will result in better research.

It will still have to work within its budget, so it will have to prioritise only very important matters for independent inquiry, but having this ability adds another dimension to the quality and fearlessness of the advice that the government receives.

Unfortunately, Part 4 restricts the commission and does not allow it to independently conduct published research without the approval of the minister. We believe that just as the Commonwealth Productivity Commission can launch its own inquiries the state one should be able to as well.

This may lead to some tension between it and the government from time to time, as there is between the Commonwealth Government and the Commonwealth Productivity Commission, but this is healthy in a democracy and leads to better decision-making.

4. Productivity Commission should not be the end of the matter

While an independent productivity commission is important, increased productivity should be a universal mandate across all government departments, and integral to all legislation. It would be unfortunate if this were to be seen as only the remit of the Productivity Commission. The government needs to put its own framework into place ensuring this happens, and maybe it could be a direction to the Productivity Commission to publish a report on appropriate strategies.

5. Terms and numbers of commissioners

We note that the term of a commissioner is three years while the terms of Commonwealth Productivity Commissioners is five years. The Commonwealth Parliament has terms of three years, so a productivity commissioner has a term of approximately one-and-a-half terms of parliament. Queensland has 4-year terms, and we believe the term of a commissioner should be at least that length, if not longer to give some stability, even over changes of government.

The number of commissioners is also limited to 4, who may be full- or part-time. We would recommend not stipulating the number of commissioners in the legislation. Given the state of Queensland's governance at the moment, there are a large number of potential targets for the Productivity Commission to inquire into which could conceivably require more commissioners. This need will probably decline over time, requiring fewer commissioners.

It would be more productive of the time of the parliament if the number and statuses of commissioners was determined from time to time as required without potentially needing to amend the legislation.

In the same vein, the sections dealing with the criminal history of commissioners seems counterproductive and unnecessary. Surely the responsible minister can be relied-upon to take criminal histories into account, as can every other employer in the state.

6. Conclusion

This is a good initiative, which we fully support. We look forward to making submissions in the future to the minister or the commission on matters of productivity. Productivity is the key to wealth. Increasing wealth means that individuals and the community control more resources now than they did previously. While increasing asset prices, like houses, may give the illusion of an increase in wealth, the only way wealth can be sustainably increased is by doing more with the same, or less, and that is entirely down to productivity.

That Australia's growth in productivity has almost stalled is a national shame. This bill goes some way to rectifying the situation.