

Queensland Productivity Commission Bill 2024

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Committee Secretary
Governance, Energy and Finance Committee
Parliament House
George Street
Brisbane Qld 4000

Dear Committee Secretary

New Queensland Productivity Commission must be focused on reducing red tape and making the government more efficient

The purpose of this letter is to share research and analysis conducted by the Institute of Public Affairs (the IPA) with the Governance, Energy and Finance Committee (the committee) as it conducts its inquiry into the Queensland Productivity Commission Bill 2024 (the bill).

The bill aims to establish a Queensland Productivity Commission (QPC), setting out the powers and functions of the QPC and the parameters within which it can and should act. The bill provides in clause 3 that the QPC will be established to:

undertake inquiries and research and to provide independent advice to the Minister in relation to economic and social issues, regulatory matters or legislation having particular regard to productivity, economic growth and improving living standards.

The IPA welcomes efforts by state governments to pursue policy reform to improve economic productivity. However, the general and vague wording used in the bill, and the listed functions of the QPC, risk undermining its potential effectiveness. The IPA recommends that the bill should contain a legislated charter that imposes on the QPC obligations to:

- Promote economic growth and productivity by measuring and identifying opportunities to cut red tape.
- Promote efficiency of government by regular review of government bodies, including identifying opportunities to abolish or rationalise inefficient or unnecessary government bodies.
- Review and scrutinise the integrity and quality of scientific research underlying policy development in Queensland.

The QPC needs a legislated charter to specialise its functions

The effectiveness of the QPC is potentially undermined by broad and vague drafting in the provisions outlining its main purpose and functions.

The main purpose of the bill, under clause 3, indicates that ‘productivity, economic growth and improving living standards’ are matters that the QPC is only expected to ‘have regard to’, rather than being its central focus. The functions of the QPC outlined in clause 9 – that the

new body is to ‘undertake research into economic and social issues, regulatory matters, or legislation as directed or approved by the minister, or on its own initiative’ – exposes the QPC to direction that is inconsistent with the very reason the QPC is being established.

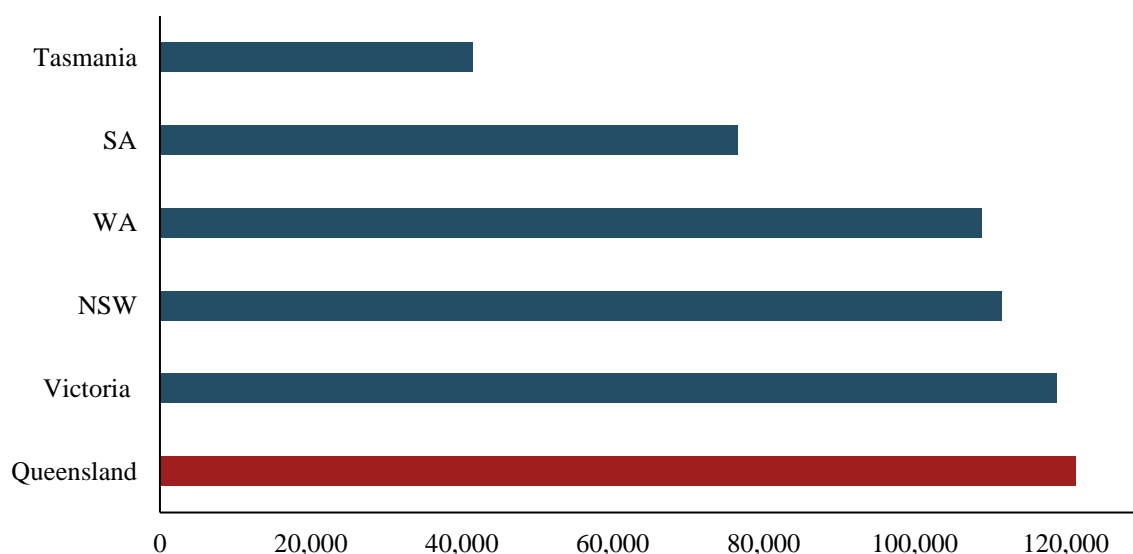
More direct language in the legislation and a legislated charter specifying the functions and objectives of the QPC, which mandates the areas of research that the QPC must engage in, will help ensure the QPC is utilised as designed, and has safeguards in place to protect it from potential misuse.

Red tape reduction research must be an ongoing research area for the QPC

Red tape created by state and federal governments is currently at the highest level in recorded history.¹ The current level of red tape is a major drag on economic productivity and growth. The level of red tape in 2016 was costing the Australian economy \$176 billion each year in terms of foregone economic output, which at the time accounted for one-tenth of Australia’s gross domestic product.² This estimate is more than just a financial estimate, but captures the many social, economic, and humanitarian costs associated with the businesses which were never started, the jobs never created, and the ambitions stifled by bureaucratic interference.

As of 2022, Queensland was the state most burdened by red tape, with 121,356 regulatory restrictions in state law.³ This finding coincides with recent IPA analysis showing Queensland’s standard of living has been declining over the past decade over a number of metrics. Queensland had the lowest GSP per capita growth over the previous decade, and private investment as a percentage of the state’s economy had almost halved in that same period.⁴

Chart 1: Number of restrictive phases in state laws by jurisdictions



Source: IPA

¹ Lachlan Clark and Saxon Davidson, *The Growth Of Red Tape: Causes And Solutions* (Institute of Public Affairs Research Paper, November 2023).

² Mikayla Novak, *The \$176 Billion Tax on our Prosperity* (Institute of Public Affairs Research Paper, May 2016).

³ Above n 1.

⁴ Saxon Davidson, *Queensland By The Numbers* (Institute of Public Affairs Research Note, November 2024).

Given the negative impact that excessive red tape has on economic productivity and growth, it is critical that the bill be modified so that the QPC is explicitly required to, as an ongoing function, investigate and recommend the removal of excessive regulations.

The QPC should conduct ongoing analysis into ways to reduce the size of government

The size of Queensland's government has grown unsustainably over the past decade. Public sector job growth between 2014 and 2024 was approximately double the growth of private sector jobs. Meanwhile, cumulative state budget deficits, as measured by the state's cash flow statement, between 2015 and 2028 is forecast to be \$72.6 billion, and state net government debt is forecast to increase by 226 per cent over the next four years.⁵

State treasurer David Janetzki has reportedly been warned by the state's Treasury that there is a growing risk that the state's AA+ credit rating will be downgraded. This will mean higher borrowing costs for the state, meaning Queenslanders will be paying more in tax to pay down debt – money that would otherwise be spent on public services such as law and order, schools, or hospitals.

A credit downgrade off the back of persistent budget deficits and ballooning state government debt places inflationary pressure on the economy, which degrades economic productivity and drives down standards of living.

A core functions of the QPC should be to provide advice to the Queensland government as to how to reduce the size of the government, cut excessive government spending, and use those savings to pay down Queensland's growing state debt. It should do this by: exercising an ongoing oversight role over the network of state government enterprises, departments, departmental units, and agencies; reviewing these entities responsibilities; and determining which entities or responsibilities are negatively impacting Queensland's economic prosperity beyond the benefits they provide.

The QPC must ensure scientific integrity is at the heart of Queensland's regulatory framework

Many of the regulations placed on industries in Queensland, particularly in the regions, are having dire economic and social impacts on the communities which rely on those industries. These regulations are often imposed on the basis of findings or assertions put forward by scientific institutions, that lack quality assurance and scientific integrity.⁶

One example of this is restrictions regarding the use of pesticides by farmers in north and central Queensland, based on scientific advice that pesticides are damaging the Great Barrier Reef. This claim has been refuted multiple times by Dr Peter Ridd, Senior Fellow at the IPA and Chairman of the Australian Environment Foundation, who has found that the impact of pesticides on the Great Barrier Reef is negligible. They are present on the Reef in such a small concentration that they cannot be detected with even highly sensitive scientific equipment.⁷

⁵ Saxon Davidson, *Queensland By The Numbers* (Institute of Public Affairs Research Note, November 2024).

⁶ Peter Ridd, *Culture Wars on the Great Barrier Reef*, (Speech to IPA Academy, February 2024).

⁷ Ibid.

Bad science leads to bad policy, which imposes significant economic costs on Queenslanders. To ensure that the state government is properly informed on regulatory matters, including at a scientific level, the QPC should be empowered to scrutinise the scientific basis of proposed government policies.

To this end, the parliament should add as a function of the QPC under clause 9(1)(c) of the bill the responsibility to check and challenge the scientific evidence underlying public policy decisions. This could be achieved by, as Dr Ridd has proposed, placing within the QPC a 'Science Integrity Unit'.

Recommendations

Based on the analysis of the bill, the IPA recommends that the bill should contain a legislated charter that imposes on the QPC obligations to:

- Promote economic growth and productivity by measuring and identifying opportunities to cut red tape.
- Promote efficiency of government by regular review of government bodies, including identifying opportunities to abolish or rationalise inefficient or unnecessary government bodies.
- Review and scrutinise the integrity and quality of scientific research underlying policy development in Queensland.

I wish to thank the committee for the opportunity to provide this submission. Please do not hesitate to contact me at [REDACTED] for further consultation or discussion.

Kind regards,
Saxon Davidson
Research Fellow