




Speech By
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QUEENSLAND PRODUCTIVITY COMMISSION BILL

 **Mr LANGBROEK** (Surfers Paradise—LNP) (Deputy Leader of the Opposition) (4.58 pm): At the outset I would like to say that the LNP opposition will not be opposing this bill. I would like to foreshadow, however, that I will be moving some amendments during consideration in detail.

In considering this bill, it is important to reflect on the importance of productivity and the definition of it that I think often leads to some eye glazing when politicians talk about it. Productivity means ‘the effectiveness of productive effort, especially in industry, as measured in terms of the rate of output per unit of input’. So no wonder people’s eyes glaze over, but it is a very important issue for our economic development. It is driven by the three Ps—that is, population, participation and productivity. It is particularly true of Queensland because the key drivers of our economic growth over the last 25 years have largely been population growth, increased workforce participation and the development of the state’s vast mineral resources. It is a national debate we are having about the importance and the challenge of the Asian century, to make sure that our productivity keeps pace with those of our competitors. That is the basis of this bill that the Treasurer has brought into the House today.

When looking at ways of boosting growth and economic opportunities, it is essential that the issue of productivity is considered. It is a matter of public record that the previous LNP government sought to put productivity front and centre of the economic debate. We knew this was particularly important, considering the longer term economic trends and the challenges the ageing population would bring. To sustain our economic growth, we needed to think smarter and be more productive. The issue was put firmly on the agenda by the independent Commission of Audit. I know members opposite like to comment about the Commission of Audit—and the Treasurer has certainly made a number of comments there—but at its heart its report was about how we could better deliver government services to boost productivity.

One of the key aspects of the commission’s work was ‘for Queensland to lift its productivity performance to sustain the economic growth which will improve living standards for its citizens’. It is fair to say that the Commission of Audit made for some sobering reading because this is what it found, and I quote—

Apart from the deterioration in its financial position in recent years, Queensland’s economic and productivity performance has also declined markedly, more sharply than the rest of Australia. Queensland’s productivity is now below the level recorded a decade earlier.

That is fairly salient. In 2012 when we came to government, Queensland’s productivity as recorded by the Commission of Audit was below the level recorded a decade earlier. The Commission of Audit’s findings continued—

Over the longer term, Queensland faces significant economic and fiscal challenges due to demographic and social factors, such as the ageing of the population and rising demand for government services.

As part of its work, the commission also made recommendations about how the government might boost productivity and better deliver services for the people of Queensland. Again, here is what the commission found—

Strong and decisive action is necessary to restore Queensland's record of economic and productivity growth. It is necessary to take decisive action to repair state finances and prepare for the challenges posed by demographic change and other factors.

It was not just through the independent Commission of Audit that the LNP put productivity front and centre of the economic agenda. We also commissioned Queensland Treasury to undertake medium-term modelling, looking into Queensland's economic and fiscal challenges. This is what the independent officers of Queensland Treasury had to say in that report released in March last year—

... the economy faces structural challenges in the form of lower rates of working age population growth, productivity growth and labour force participation. Unless there is concerted policy action to address these challenges, economic growth ... is expected to be slower over the longer term than in the past.

When I stand here today and say that the LNP is serious about boosting productivity, I can point to our track record in putting it on the economic agenda. There is no doubt that members opposite will stand up following my speech to criticise the Commission of Audit, so I would like to remind them that it was the Commission of Audit that made recommendations regarding the Queensland Productivity Commission. Unlike those opposite, who seem to run away from any semblance of policy development, the LNP considered and responded to the Commission of Audit's recommendations. What we said was that we would not create an entirely new bureaucracy, but we would instead add further functions to the already established Queensland Competition Authority. We took that view because the expertise and experience already existed within the QCA. We believed that it would be a better use of resources to strengthen the QCA, instead of adding another bureaucracy drawing employees extensively from the QCA.

To that end, the former treasurer and member for Clayfield in November last year introduced the Revenue and Other Legislation Amendment Bill 2014. That bill included amendments to the Queensland Competition Authority Act 1997 which would have had added productivity and competitive neutrality complaints investigation functions to the renamed Queensland independent pricing and productivity authority. However, that bill did not receive passage through the House before the 2015 election.

Of course the bill we are debating here today is different from what was proposed then. This bill will establish the Queensland Productivity Commission as an independent statutory authority charged with undertaking inquiries into particular matters of economic importance. Competitive neutrality and regulatory advice functions will be moved from the purview of the QCA to the QPC. I acknowledge that this was an election commitment from the Labor government, and I welcome the Treasurer's commitment to enhancing Queensland's productivity. The LNP opposition also acknowledges that there is a level of support from stakeholders for this bill. With that in mind, we will not be opposing this bill; we simply want to highlight our concerns about this government's fondness for creating bureaucracies and putting everything to review.

I want to pause for a moment to commend the Finance and Administration Committee for its report No. 15 into this bill. It was very comprehensive. It referred to the stakeholders and there were a number of references to the committee's hearings. I want to commend those committee members, many of whom I know will be speaking on this bill. If anything, I think it demonstrates that the power of our committee system has led to better analysis of our bills. This is something we brought in in 2011. I think the work of the committees and the secretariats that support them is indicative of the work we can be doing and we are doing to improve our bills, especially compared to my early years in this place 11 years ago. So I commend the committee for the production of their report.

Since the government's election nine months ago, we have seen more than 70 reviews. It is well and good to put everything to a review, but at some stage this government will have to start making decisions.

Mr Minnikin: Don't hold your breath.

Mr LANGBROEK: I will take that interjection. In my contribution today, I am going to focus on a few key areas of the Queensland Productivity Commission Bill 2015. First and foremost amongst these are the provisions relating to inquiries by the commission and the reports on those inquiries. Clause 23 specifically outlines the minister's ability to direct the commission to undertake an inquiry on a matter related to productivity, economic development or industry in Queensland. Clause 23(2) outlines the types of things that can be included in the direction to the commission by the minister. Other clauses in

this division relate to the commission's compliance with the direction and level of consultation undertaken in consideration of an inquiry. I note that the Treasurer and the minister responsible have already flagged matters to do with the amendment that I have moved. I will discuss that amendment at the appropriate time.

There was concern raised by some stakeholders about clause 23 regarding this section of the bill. The Queensland Resources Council highlighted its concern that the minister can amend or withdraw the direction at any time before receiving the report from the QPC. The Queensland Resources Council suggested that the committee consider recommending the development of a framework for managing changes in directions which have already been issued to the commission. The Queensland Farmers' Federation also outlined its concerns that there is no provision for the minister to release their draft report for public comment before it is finalised. I note that the Treasurer just mentioned a few moments ago that there is every chance that report would be released, but the important thing is that that is what the Farmers' Federation had to say.

The LNP opposition notes the department's response to these submissions, as highlighted in the parliamentary committee's report. We understand the need to balance openness without being overly prescriptive in the legislation. We would again highlight the importance of transparency in the minister's dealings with the commission. If the minister's directions to the commission change or are withdrawn, the reasons for this need to be adequately explained publicly to further inform debate on the issue. A significant example of this which was raised this week in the media and today in the House was the minister's dealings with the Queensland Industrial Relations Commission about some of the changes to local government industrial relations matters, where the minister had asked for some changes to be considered by the Industrial Relations Commission and it now looks like he is no longer accepting the referee's decision.

Today in the parliament in question time he was at odds with our assessment of that. It does beg the question as to whether the way this is being set up is more about making sure that the minister has control of what the Productivity Commission can look into and can change his dealings with the commission to reflect a changing circumstance, and that is not as transparent that we think it could or should be.

Stakeholders also had concern with the six-month time frame for the minister to provide his response to the commission's report before its public release, as outlined in clause 27. Again, the Queensland Resources Council raised concerns that six months was an unnecessarily long delay. I note the department's response to this submission which was, as I recall, that there could be some difficulty with the government accepting a recommendation from the Productivity Commission that is actually at odds with the government's own agenda. That seems to be at odds with the Treasurer, who has already suggested that our amendment, which contains a provision for this parliament to make a recommendation to the Productivity Commission, would be something that he is not prepared to consider. However, he has already flagged in the legislation, in the explanatory notes or in the committee's report that there are going to be times when the Productivity Commission may make a recommendation that is not exactly what the government wants to be doing or is not part of the government's policy and to that end they are going to take six months to respond to it. That would mean that they obviously were not going to do the things that the Productivity Commission had recommended.

The LNP opposition understands the benefit of having the government properly consider its response to a QPC report before they are simultaneously released but with the caveats that I explained previously. Our only concern is that the reports are often quite detailed and hundreds of pages long. When coupled with a government response, the risk is that a large volume of information is released at the one time and some of the key parts of these reports may get lost in that process. A key example of this was the Treasurer's review of state finances. This was a key, independent economic report and election promise from the Treasurer. However, its release was delayed until the same day as the budget, thereby burying it in the rest of the day's news. The Treasurer saw fit to hide his key economic report. This is precisely why the opposition would highlight the need for continued consideration and reports back on the progress in implementing or responding to the recommendations made by the commission to the government. I believe this view is in keeping with the parliamentary committee, who provided this advice—

The Committee considers that department should actively pursue prompt resolution of any recommendations made by the QPC.

Another key aspect of the bill is detailed in clause 30, which provides the commission with the ability to initiate its own research and analysis of matters relating to productivity, economic development and industry. This is an extremely important part of the legislation because it gives the QPC the freedom

to look into issues without government direction. This was strongly supported by stakeholders such as the CCIQ and the QRC—the Chamber of Commerce & Industry Queensland, the peak body for small business in Queensland, and the Queensland Resources Council. The Queensland Resources Council went so far as to suggest that a specific portion of the overall budget should be directed to this area. I believe it is important that it is not just the government that has the ability to direct the commission to undertake important work, and that goes to the heart of the amendment that I will introduce later. There may be instances where the Legislative Assembly believes there is a need to look into prevailing economic or productivity issues. This is a topic that I intend to speak to later.

I want to draw the House's attention to clause 30(2), which states—

The commission must advise the chief executive—

in this instance, the Under Treasurer—

it will publish the research or analysis before publishing the research or analysis.

What is not made entirely clear in this clause is whether the Under Treasurer can advise or even direct the commission on the release of this information. I understand the department provided correspondence to the parliamentary committee on this issue. However, that correspondence was not available online from the committee's website. I would ask for some clarification from the Treasurer as to how this works in practice. The LNP opposition would not support the chief executive having the power to direct the commission in relation to this function. So I look forward to the Treasurer's explanation.

I would also like to highlight my concern about this aspect of the department's response as detailed on page 15 of the committee's report into this bill—

... the department advised that the Commission's ability to initiate its own research and analysis of matters allows it to develop its expertise and knowledge of Queensland's productivity, economic development and industry, and make this available to the public where appropriate.

Once again, I would ask for more clarity about when it is and is not appropriate to be releasing this research. Quite clearly, if the commission has spent time and public money investigating these matters, it has to be in the public interest to be releasing this information to inform public debate.

As highlighted in sections 5 and 6 of the bill, the QPC will also take on competitive neutrality and regulatory review functions. The regulatory review functions were transferred from the Office of Best Practice Regulation to the interim commission in July. I understand the transfer of these functions was a policy decision of the government. I would just like to take this opportunity to again highlight the importance of this function and the Office of Best Practice Regulation in measuring the burden of red tape here in Queensland. This was highlighted in the CCIQ's submission, which stated—

CCIQ strongly supports the approach to measure the existing burden of red tape and set a reduction target. This methodology is based on CCIQ's 2009 Blueprint for Fighting Queensland's Over-Regulation and the widely acclaimed British Columbia approach.

...

CCIQ believes the regulatory requirement baseline measure remains 'the' most valuable indicator of red tape reduction and any role for OBPR under the Commission must include this measurement process. In our view the baseline measure represents a massive and defining opportunity for Queensland to stand out in Australia on how to tackle red tape.

Mr Power: You've already got our votes.

Mr LANGBROEK: I take that interjection from the member for Logan. I would think that CCIQ are pretty important stakeholders in Queensland. We have already seen the response from the education minister, who is also the small business minister, and know what she thinks of their recommendations about red tape. I do not know if the member for Logan has had any experience in small business. If he had, he would know that filling out the business activity statement and all the paperwork that has to be done for licensing and regulation is actually pretty hard when you are running a small business. Given that he probably has not run a small business, he would also not have much consideration for the CCIQ. We know what they thought about the education and small business minister's recommendations on red tape. Nick Behrens from CCIQ—

Mr Dick interjected.

Mr DEPUTY SPEAKER (Mr Hart): Pause the clock. Minister, the member is not taking your interjections across the chamber. Please cease.

Mr LANGBROEK: As I mentioned to the House this morning, we know what CCIQ thinks of this small business minister's claims that she has been trying to reduce red tape simply by supporting the energy minister's amendments that passed through the other day, which of course were the work of the

member for Caloundra, and that was that high energy-using small businesses could now approach the energy ombudsman. That is her example of somehow supporting small business. However, Nick Behrens from the CCIQ has said that setting up a red-tape reduction committee that is going to meet every three months ain't going to cut it and that, when the small business minister had a chance to respond to the CCIQ recommendations about reducing red tape, all she did was blame the other mob. We know what this government thinks about red tape and small business; they dismiss them because they are really only dancing to the tune of the unions. We think that with hundreds of thousands of small businesses in Queensland CCIQ is a very important stakeholder. We think that having a target for reducing red tape is essential. We want to make sure that CCIQ, which is concerned about continuing to measure the burden of red tape, is vital. Of course we know that is something that the small business minister, who has so much on her plate she cannot even do a tourism investment paper—the education department has IT things happening within it. It is obvious that this minister is not across her brief, just as we have other ministers who are unable to deal with the issues that they face in their portfolios.

Let us turn now to the competitive neutrality aspect of the bill. Again, these are functions that we transferred from the QCA. It is another extremely important review function in that it ensures a government agency carrying on significant business activities should not enjoy competitive advantage just because they are owned or controlled by the government. The bill provides for the commission to receive and investigate complaints from a person that is or could be in competition with a government agency in a particular market and from a person who is or could be adversely affected by a competitive advantage a person alleges is enjoyed by the agency. This was another issue discussed at length during the committee's consideration of this bill and in its report.

There were a number of concerns raised, most particularly by the Waste and Recycling Industry Association of Queensland. They are discussed at length in the committee's report, but it is interesting to note their concerns because these stakeholders have mentioned it to me as well. The fact that the QCA can make a decision that is not legally binding is something that is very frustrating for groups like the Waste and Recycling Industry Association of Queensland, and in the committee's report there was a significant section about waste management at the Sunshine Coast Regional Council that has been amplified a fair bit. The Sunshine Coast Regional Council, on receiving the recommendation about competition issues, basically voted against changing what they were doing. That is very frustrating in terms of increasing competition for the members of the Waste and Recycling Industry Association of Queensland, so that is important. I am assured by the Waste and Recycling Industry Association of Queensland that if businesses were faced with more competition they would be able to benefit from lower prices, and that would help them in not passing those increases on to their own customers. But that is something which has been addressed, and I look forward to hearing from committee members who may wish to address this in their contributions as well.

I note the committee's satisfaction that the department is working to address the issues raised by stakeholders in relation to the handling of competitive neutrality complaints. There are other aspects of the bill that I am not going to speak to. Many relate to administrative and miscellaneous functions and others relate to transitional provisions, specifically the transfer of records, complaints, investigations and employees from the QCA or the department of QPC. I do, however, note the committee's comments in relation to the minor referencing errors in its report.

As I have stated earlier, the LNP opposition will not be opposing this bill. I do believe that it was through the hard work of the previous LNP administration that the issue of productivity was put on the agenda here in Queensland. It is very important for governments of either colour to make sure that they focus on productivity and the definition that I spoke of. Whether we want to water down the definition, whether we want to make sure that we have more outputs for inputs, whether we want to have social enterprise or social factors—as I know the Nurses' Union would like to have considered—the important issue is that now in the 21st century, which everyone acknowledges is the Asian century, we are competing with economies where people are prepared to work to increase their productivity, and it is imperative for Queenslanders to make sure we are part of the game. This is a bill that, hopefully without political interference, will lead to increased productivity in Queensland and it is a bill that we will not be opposing. Thank you, Mr Deputy Speaker, for the opportunity to contribute.