




Speech By
Patrick Weir

MEMBER FOR CONDAMINE

Record of Proceedings, 12 November 2015

QUEENSLAND PRODUCTIVITY COMMISSION BILL

 **Mr WEIR** (Condamine—LNP) (5.48 pm): I rise to make a contribution to the Queensland Productivity Commission Bill 2015 as a member of the Finance and Administration Committee. The establishment of the Queensland Productivity Commission was an election commitment by the Labor Party announced during the course of the 2015 election campaign with the broad objectives of lifting productivity, improving living standards and driving economic growth. An interim commission was announced by the Treasurer on 28 April 2015, with Mr Kim Woods subsequently appointed as the principal commissioner who commenced in that role on 1 October 2015. The interim commission has since been referred two public inquiries—the first in relation to electricity prices and the second into solar feed-in pricing.

Whilst business and industry were largely supportive of the bill, there were concerns around some aspects of the commission, such as funding, duplication and the absence of enforcement provisions for competitive neutrality breaches or withholding information. The commission is to be funded by a combination of government, industry and other contributions. The state government allocated funding of \$300,000 in 2015-16 and \$2.5 million from 2016-17 in the state budget. This raised concerns with groups such as the Chamber of Commerce & Industry, the Farmers' Federation and the Queensland Council of Unions, with the CCIQ stating that any funding from industry could be perceived as compromising the neutrality of an independent objective by the commission. The QFF expressed concern as to how industry contributions would be sought.

In response, the department stated that there will be no power of compulsion to require industry to contribute. It further advised that funding arrangements are not addressed in the bill and are a matter for the commission to resolve with the government via its administering department. The department further advised that there may be circumstances where the funding may be sourced from external parties with a policy interest, but that this would be managed centrally and that the commission would be indifferent to the funding source. The Queensland Competition Authority operates in such a manner and there have been no suggestions that its independence has been compromised.

The Queensland Resources Council, whilst supporting the bill, stated—

As drafted, the purpose of the Act seems to assume that independent economic advice can drive economic growth. QRC suggests that rather than 'driving economic growth', the purpose should be to 'enable' economic growth or to 'remove impediments to' economic growth.

The Australian Mines and Metals Association and the Property Council of Australia expressed the view that the new Queensland Productivity Commission not duplicate the work of the Australian Productivity Commission. The AMMA suggested that the Queensland Treasurer and the federal Treasurer undertake consultation before issuing any written direction and take into account any current and completed Australian Productivity Commission inquiries in the same area of regulation before instigating any Queensland inquiry and that there would need to be some clear guidelines to minimise any risk of duplication.

The board will consist of a principal commissioner and up to two other commissioners who can be appointed for a period of up to three years. The appointment and remuneration are to be decided by the Governor in Council following the usual cabinet consideration. The core business of the commission is to conduct formal public inquiries, reviews and investigations into complex economic and policy issues as referred to it by direction of the Treasurer as the minister responsible. The minister may direct the commission to undertake an inquiry on a matter related to productivity, economic development or industry in Queensland. When a direction to undertake an inquiry has been given to the commission, it must be published on the website. Public inquiries will also be advertised on the website and interested parties will be able to provide submissions to the commission. Public consultation is to be a key element of the inquiry's function.

When finalised, the commission will provide a written report to the minister and the minister must provide a written response to that report within six months. Some submitters expressed concern about the six-month time frame, considering it to be excessive. The department stated that, by allowing a maximum period of six months, the minister would have the opportunity to thoroughly review and consider the commission's report and recommendations and consult further if required before providing a response. In many cases, the government would be able to respond much sooner and reports would be published in a much shorter time frame. The department advised that the intention of the legislation is to allow the government to simultaneously release the commission's report and the whole-of-government response. The minister may, by written notice, ask the commission for advice on a matter related to productivity, economic development or industry in Queensland and will have the mandate to initiate its own general research and analysis. This aspect was supported by submitters, stating that the commission should have the ability to self refer similar to the Australian Productivity Commission.

The Queensland Resources Council suggested that the commission should be allocated a specific proportion of people and budget earmarked for the commission's self-directed work. In the absence of a dedicated research budget, there is a risk of the commission's inquiry work crowding out its important research work. At present the Queensland Competition Authority undertakes the state's competitive neutrality function. That function will be transferred to the Queensland Productivity Commission. The interim commission's website summarises competitive neutrality as follows—

Competitive neutrality requires that public sector business activities that are in competition with the private sector should not have competitive advantages or disadvantages, just because they are owned or controlled by government.

Accordingly, the bill provides for an independent mechanism that allows competitors of government business to lodge a complaint where they believe that the business enjoys a competitive advantage by virtue of its government ownership.

The Chamber of Commerce & Industry Queensland raised concerns that the commission has no statutory power to enforce the recommendations of an investigation report about competitive neutrality. The department advised that maintaining a recommendation role ensures that the ultimate decision-maker should remain the accountable minister or local government, but with the assistance of an expert investigation by an independent body. The public release of all documentation relating to the competitive neutrality complaint means that the government will ultimately be held accountable for the decision that it makes and any resulting actions, or lack thereof. The committee considers that the role of the Queensland Productivity Commission is to make recommendations and that there should be other mechanisms for the implementation and enforcement of those recommendations.

Both the Queensland Resources Council and the Local Government Association of Queensland expressed concern that the bill does not provide a penalty for failure to provide requested information to the commission in contrast to the Queensland Competition Authority Act, which provides a penalty. The department stated that the Queensland Productivity Commission is an advisory board to government and, as such, is significantly different from other people or bodies that handle information such as the Auditor-General, or the Queensland Competition Authority.

As I stated at the beginning of my address, the purpose of this bill is to lift productivity and drive economic growth. In that regard, this Labor government needs all the help and advice that it can get. To date, this government has been more concerned about pandering to its union bosses than introducing any worthwhile legislation to encourage growth and productivity. We see resource projects delayed and tied up in the Land Court owing to the actions of this government, not to mention the industrial relations amendments that discourage employers from expanding their businesses and their workforce.

Business and industry have been waiting for some indication that this government is serious about productivity and economic growth. The establishment of the Queensland Productivity Commission would at least be a start. The committee reached agreement on this bill and recommended that the bill be passed.