




Speech By
Hon. David Janetzki

MEMBER FOR TOOWOOMBA SOUTH

Record of Proceedings, 20 February 2025

QUEENSLAND PRODUCTIVITY COMMISSION BILL

Second Reading

 **Hon. DC JANETZKI** (Toowoomba South—LNP) (Treasurer, Minister for Energy and Minister for Home Ownership) (5.29 pm): I move—

That the bill be now read a second time.

The restoration of the Queensland Productivity Commission is a key step in restoring a mature discussion about what underpins our state's prosperity. This bill, which was introduced at the end of last year, delivers on the government's election commitment. The commission is tasked to lift productivity, improve living standards and drive economic growth through the in-depth and transparent review of complex economic, social and regulatory issues by independent experts, informed by public consultation.

Technically, productivity strives to squeeze more from costly capital and scarce labour, but it goes far deeper than that. Productivity growth has been largely stagnant in Queensland for too long. Over the most recent cycle, from 2017-18 to 2021-22, labour productivity grew by only 0.7 per cent, compared to 1.5 per cent nationally. Weak productivity growth has significant consequences for Queensland households. Had productivity growth remained at its pre-2018 average over the subsequent period, it is estimated that Queensland's real per capita income would have been \$11,000 higher in 2023-24.

It is clear that governments must pursue productivity gains in order to protect economic growth and enhance living standards. This is why the government is committed to establishing the Queensland Productivity Commission. Lifting Queensland's productivity performance will require improvements to policy and regulatory settings to support business activity and income growth, provide better government services and deliver on our government's housing and infrastructure priorities.

One of my key criticisms of Labor's last term in government was their squandering of record rivers of revenue gold. The member for Woodridge ultimately collected \$70 billion more than what he forecast in his first budget of the last term. That is \$70 billion more than what Labor expected to receive in less than four years. What happened to this windfall? What confidence can Queenslanders ever again have in Labor when record revenues only resulted in record numbers of the sick waiting on the ramp and the homeless sleeping in cars, under bridges and on the streets, and the highest number of victims of crime our state has ever seen. With this record, Queenslanders lost trust in the former Labor government's ability to productively deliver more and better services with the precious taxpayer dollar. Governments play a fundamental role in the productivity challenge as they tax, regulate and spend.

Last year, the federal Productivity Commission released its five-year review of Australian productivity. It was a nine-volume, 1,000-page document crying out for public policy improvements. Federal Treasurer Jim Chalmers has talked about an opportunity to 'renew' the federal Productivity

Commission, and past Labor luminaries Hawke and Keating shaped their reform agendas on Productivity Commission recommendations. There is, undoubtedly, a productivity challenge facing our nation as the regulatory reform program of the 1990s and 2000s envisioned through Hilmer has drawn to a close.

Meanwhile in Queensland, the member for Woodridge abolished our version of this important institution. Originally introduced in the first term of the Palaszczuk government, the Queensland Productivity Commission had delivered a range of independent opinions. The former Palaszczuk government gradually starved the commission of relevance. Four matters were referred to the commission in 2015 alone but only seven from then until it was abolished in 2021. Only one matter was referred in 2020.

The commission reviewed important matters such as electricity prices, service delivery in remote Indigenous communities and improving regulation. In 2020, the Queensland Productivity Commission released a report demonstrating that productivity had declined under Labor since 2015. In March 2021, the commission provided a regulatory blueprint for the way forward out of COVID-19. It outlined that countries with more efficient regulatory regimes are more likely to experience smaller economic contractions and faster recoveries. This is because efficient regulatory regimes allow resources to be rapidly reallocated to respond to the crisis or to be redeployed to newly productive opportunities, limiting the economic and social costs of a crisis.

The commission estimated that Queensland business expenditure to comply with state regulation could be in the order of \$3.5 billion to \$7 billion each and every year—that is, \$7,000 to \$15,200 per business every year. That totalled approximately one to two per cent of Queensland annual gross state product at that time. By improving state regulation, there is a chance to improve public sector productivity and potentially free up resources to support the delivery of public services. Relevantly, as reported by the commission, gross spending on administering and enforcing regulation in Queensland is likely to be in the order of \$2.6 billion to \$3.1 billion per year. The report also made reference to the growth in regulatory burdens. The last count of Queensland regulation in 2013 identified over 72,000 pages of legislation and 265,000 separate regulatory requirements.

Despite all these valuable insights, the member for Woodridge shut it down. It is not surprising, really. The member for Woodridge never spoke to the Productivity Commission Bill in 2015 when it was introduced by then treasurer Curtis Pitt. I note that in his contribution to the bill in 2015 the now opposition leader said that ‘the Queensland Productivity Commission will provide a vital service for the government and the state’. I could not agree more.

I want to turn now to key aspects of the bill. Section 9 details the main functions of the commission. They include undertaking inquiries and research into economic and social issues, regulatory matters or legislation as directed, or on its own initiative. Significant functions will also include administering, monitoring and reviewing regulatory matters and providing advice as requested from time to time. The bill sets out that the commission may be asked to provide or publish reports, advice or information within a stated period.

Importantly, the bill encourages a culture of public consultation in undertaking research and inquiries. For too long, there has been a failure to listen to the views of Queenslanders and stakeholders. The core of the commission’s work will be to undertake public inquiries through transparent and open processes and provide publicly available advice to government. There will be not just public hearings but also a commitment to regional engagement and consultation with those experts working on the front line of the matter under research or inquiry.

Reporting timeframes are likely to vary based on the complexity of the issues involved, although a timeframe of about six to 12 months per inquiry is likely. It is expected that the commission would conduct two to three inquiries per year. Before public release, final inquiry reports will be submitted to government for consideration. The Treasurer will be required to give the commission a written response to the report within three months, with the commission to publish the report as soon as practicable thereafter.

I note the opposition’s concerns in their statement of reservation to the committee report. They stated—

This Commission would be accountable to no-one except the LNP Treasurer of Queensland, who would assume new powers through the Productivity Commission to inquire into any aspect of Queensland life ... The Commission would move beyond giving advice to being an active participant in setting and implementing the LNP Government’s agenda.

...

It will be a hammer in the hands of the Treasurer, controlled by the Treasurer, doing as the Treasurer commands.

On this point, the opposition members of the committee have proven themselves as out of their depth as the shadow treasurer. Section 38(3) cannot be any clearer that any direction given by the Treasurer 'can not be about the content of any advice or recommendation given by the commission'. That is called independence! It has been done before. As then Labor treasurer Curtis Pitt laid out—

Ms Grace interjected.

Mr JANETZKI: As then Labor treasurer Curtis Pitt laid out in 2015, the then Labor government would 'set the questions for the commission's work ... before providing an independent opinion to government'. That is exactly what we are doing. The Labor deputy chair of the committee, the member for Bancroft, said back in 2015—

The Productivity Commission will provide independent economic and policy advice to the state with the goal of increasing productivity as well as improving the living standards of Queenslanders and driving economic growth.

As then so it is now. The government will remain the decision-maker, but it will have the benefit of rigorous, thorough and public advice from the commission. But it gets worse for the opposition in their misunderstanding. Not only do they deny the independence of the new commission, but they deny why they abolished it in the first place. The member for Woodridge actually stated in his contribution to the debate when he was abolishing it—

The new office will provide an enhanced focus on productivity and regulatory reform as part of the government's economic recovery policies. The new office will combine an in-depth and longer term focus with the core Queensland Treasury capability of expert economic policy advice and the development of innovative policy solutions.

The former treasurer expressly said that the former commission was to be abolished so that their work—once independent and rigorous—would be now 'part of the government's economic recovery policies'. Labor never ever wanted to hear independent views from the commission. They held the commission in contempt, and for them to ever criticise its now proposed structure is the height of hypocrisy. In the same debate in 2021, the member for Macalister gave the game away. She said—

With this inclusion into the Treasury, the advice provided by the new office will be more practical in nature when aligned with the government's economic strategy.

The member for Ferny Grove said the work of the commission 'will continue within the processes of government'.

I note that the former commission had responsibility for administering the government's Regulator Performance Framework and regulatory impact analysis requirements. The commission will regain responsibility for these functions which are currently undertaken by the Office of Best Practice Regulation in Treasury.

I also note that the application of competitive neutrality flows from the Competition Principles Agreement of 1995 when each jurisdiction released a competitive neutrality policy. The former commission was responsible for performing the state's competitive neutrality function by advising government agencies on compliance with the principle of competitive neutrality and receiving, investigating and reporting on complaints about alleged failures of government agencies to comply with the competitive neutrality principle.

When the member for Woodridge abolished the commission in June 2021, the competitive neutrality function was returned to the Queensland Competition Authority. I hold the view that it was best practice for this function to be undertaken by the independent Queensland Competition Authority, which already effectively discharges these responsibilities with appropriately expert officials in place. I am also of the view that by not returning this function to the commission it will enable the commission to better concentrate on its core function of undertaking inquiries and research related to economic, social and regulatory priorities.

The commission will be governed by a board, appointed by the Governor in Council and will comprise one full-time permanent commissioner known as the Queensland Productivity Commissioner and up to three other commissioners, full-time or part-time, who may be permanent appointments or temporary for a particular inquiry.

Submissions to the parliamentary committee were overwhelmingly supportive of the bill. Business Chamber Queensland welcomed the Queensland Productivity Commission and stated that businesses have had productivity stifled resulting in sustained periods of low business confidence. They stated that productivity must be at the centre of policy and investment decision-making and must be a priority for government. They argued, 'The Queensland Productivity Commission re-establishment is central to economic reform in Queensland' and, 'Productivity must be at the centre of policy and investment decision making and productivity within the Queensland business community must be a government priority.' Canegrowers Cairns Region said—

With productivity, profitability and environmental stewardship remaining front and foremost we see now as the ideal time to back things up with evidence based science overseen by an independent statutory body.

Australian Constructors Association said—

Poor productivity is the single most important issue facing the construction sector and the failure to address this will limit Australia's ability to realise its potential.

The Property Council stated—

As drafted, the legislation provides sufficient powers and structures for the QPC to undertake robust and independent analysis of economic and related issues impacting Queensland.

Master Builders noted—

... that the Government has publicly committed to the new Productivity Commission's first order of business to be a regulatory review into the building industry. We support the Commission's focus on the building and construction industry.

The REIQ was unequivocal in that they 'strongly agree with the re-establishment of an independent statutory body to oversee government policy-making in Queensland in order to enhance transparency, accountability and to ensure the government is obtaining critical feedback from relevant subject matter experts and industry bodies'. The UDIA asserted—

Not only does the Institute agree that productivity underwrites prosperity, the Institute is specifically of the view that productivity is a key factor influencing the pace and cost of new housing delivery. Further, the industry strongly supports the intention for the Commission's first task to be a comprehensive review of the Queensland construction industry.

QREC is supportive of the establishment of the Queensland Productivity Commission with a view that 'it will play a pivotal role in ensuring that the regulatory landscape within Queensland remains efficient, productive, and conducive to both business and social development'. Australian Energy Producers outlined—

Conducting formal public inquiries is a specialist skill—it requires time and experience to build trust with the community that their views will be respected, heard and considered. Line agencies don't always have the time to continue developing new and better ways to consult, so the Productivity Commission, if properly resourced, can play an important role in rebuilding confidence in policy consultation in Queensland.

They went on to say—

Independent advice to Governments lifts the standard of fact-based decision making and policy discussions and can facilitate a balanced tenor of public debate.

Canegrowers observed—

Ensuring that this legislation is broad enough to allow the QPC to have scope to investigate issues that the agriculture sector and in particular the sugar and bioenergy industry believe are having a material impact on our productivity is of highest importance to us.

The Housing Industry Association stated that the government had responded to their 'calls with the introduction of the Bill, proposed establishment of the QPC and pausing of the application of BPIC'. The McKell Institute encouraged the commission to 'take an expansive and global view of its work, focusing not just on small matters of deregulation but on economic diversification, the adequacy of the education system and new economic opportunities for the state'.

Why is the Productivity Commission important? Queensland's economic and industry development is dependent on improving productivity. As I have detailed, productivity has stagnated over the last decade. That stagnation is partly attributable to the changing mix of industries in our economy. More people are working in service industries where productivity typically grows more slowly.

It means that a strategic approach to productivity is more important than ever. Finding ways to enhance a skilled and modern workforce and strategic investments in TAFE training to address Queensland's critical skilled workers shortage are an early approach. We announced during the campaign the new \$61 million TAFE Precinct of Excellence at CQUniversity's North Rockhampton campus where the government will partner with CQUniversity to develop Queensland's trade workforce.

We are carefully thinking through the right policy settings to ensure that capital flows to where it is most productive. It is one of the reasons Pioneer-Burdekin pumped hydro did not progress—a \$36.8 billion weight on the state's balance sheet which would have inevitably grown exponentially. It is also why we did not grant further equity and grant funding to Stanwell's hydrogen project. We will always continue to carefully weigh up the right policy settings to ensure that capital flows to where it is needed and where it is allocated most efficiently.

Our plans for agriculture and tourism include a \$30 million fund for farming innovation and a 20-year tourism plan preparing for the Olympics. The agriculture minister has set a benchmark of driving the value of agricultural production to \$30 billion by 2030. It is also important to pursue collaborative opportunities with the federal government. At my first Council on Federal Financial Relations meeting in November, the Commonwealth and states agreed to a 10-year reform of the National Competition Policy. Up to \$900 million will be available to states and territories through a new National Productivity

Fund, to boost competition and productivity across the economy. We see clear opportunities to crystallise productivity gains through efficient planning frameworks and unlocking land and skilled labour to help address the housing crisis.

One million Queenslanders are employed by small business, with more than 459,000 separate small businesses across the state. The Minister for Small and Family Business has written to over 120 chambers of commerce asking for specific examples of red tape holding back small and family businesses. Businesses have raised issues like overly complicated language and regulations, conflicting information from different government departments, and duplicative documents and processes. The Queensland Small Business Commissioner has been refocused towards red-tape reduction and dispute resolution in support of our productivity objectives.

Poor road conditions and congestion are a drag on productivity, whether it is bush roads that carry our agricultural wealth to local markets or ports or commuters in South-East Queensland seeking to get to work and then return home to their families and loved ones. It is why we have permanently embedded 50-cent fares. Public transport users have saved more than \$181 million since the introduction of 50-cent fares. More than 93.3 million trips were taken in South-East Queensland, an increase of 18.3 per cent from the benchmark period in 2023. We will continue to closely observe these numbers as we strive to ease congestion and drive productivity, but productivity runs even deeper.

The Queensland budget tells the story. Queensland's public sector is dealing with growing pressures on social services spending, especially health but also education, child safety and youth justice. Roughly a third of Queensland government expenditure is put to health and a quarter towards education. Never has the need been more urgent to make decisions and set policy directions that harness data and digital technology to deliver high-quality services.

We are committed to building the capability of the Public Service to deliver more and better services. We will enhance graduate programs and opportunities, provide training and professional development to better suit public servants' individual needs to embrace new approaches to deliver better infrastructure and services, and require all contractors and consultancies to include a substantial training and professional development component to strengthen the Public Service capability.

We have announced the setting up of the Office of Social Impact and stand ready to fund social entrepreneurs to deliver. Ben Gales will lead the establishment of the new Office of Social Impact. The former chief impact officer at Paul Ramsay Foundation, his extensive philanthropic and government experience will deepen the collaboration's work.

I am excited about the potential for the Crisafulli government to partner with the for-purpose sector to drive social outcomes and tackle the serious social challenges we face in Queensland. Social impact can change lives for the better through improved education, health or employment outcomes. Our Social Impact Advisory Roundtable will provide invaluable insights to government as we chart a course towards a thriving social enterprise sector.

The modern Australian Productivity Commission was established in 1998 to replace the Industry Commission, Bureau of Industry Economics and the Economic Planning Advisory Commission. It has conducted numerous important inquiries and provided critical advice on key economic issues at the request of the Australian government. In preparing for the re-establishment of the Queensland Productivity Commission, I engaged with leaders who helped frame the productivity debate originally across our nation over the last 25 years. I was fortunate to recently spend time with the founding Australian Productivity Commission chair, Professor Gary Banks AO, and his successor, Peter Harris AO. I sought their insights into what a best practice productivity commission can achieve and how it ought to be structured and put to work. Gleaning information from their experiences, it is clear that the commission can serve two key purposes; namely, it will provide independent, rigorous advice to the government of the day and help inform and shape important discussions in the court of public opinion.

Commissioners have the ability to independently scrutinise issues that pressured departmental staff simply do not have the requisite time to evaluate. It allows deeper and broader consultation with every stakeholder impacted by the issues in debate and facilitates a discussion free from the day-to-day pressures of politics. The model is clear: a government can tell the Productivity Commission what to do but never what to say.

This bill is a significant step forward for Queensland. In line with delivering on a key commitment from our 100-day plan, this bill not only re-establishes the Queensland Productivity Commission but also allows for independent economic, social and regulatory policy advice to the Crisafulli government so we can help to lift productivity, drive economic growth and enhance living standards for all Queenslanders.

The Productivity Commission's first order of business will be to undertake a comprehensive review of Queensland's construction sector in the wake of revelations that Best Practice Industry Conditions were adding up to 25 per cent to the cost of major projects and property and construction regulation generally. Treasury modelling has exposed that productivity losses are a key driver of the economic costs of BPIC, but the regulatory environment must be managed appropriately.

We need our own Productivity Commission to secure our future prosperity. We need to cut unnecessary regulatory imposts, encourage creativity and innovation, and build a highly skilled Public Service to deliver better and more services. Reshaping our economic architecture in the service of the Queensland people will take time and persistence, but it is fundamental to our shared future and it is the fresh start that Queensland so desperately needs. I commend the bill to the House.