



## AMMA Response to the Queensland Productivity Commission Bill 2015

6 October 2015

AMMA is Australia's national resource industry employer group, a unified voice driving effective workforce outcomes. Having actively served resource employers for more than 97 years, AMMA's membership covers the entire resource industry value chain: exploration, construction, commercial blasting, mining, hydrocarbons, maritime, smelting and refining, transport and energy, as well as suppliers to those industries. AMMA's dedicated work is to ensure that Australia's resource industry is an attractive and competitive place to invest and do business, employ people and contribute valuably to Australia's well-being and living standards.

Queensland makes a very significant contribution to the success of the Australian resource sector and to Australia's economic and social wellbeing. According to KPMG<sup>1</sup>, in 2013-14, the Queensland Resource sector contributed 21% (see Figure 1 below) of Australia's GDP (or \$32.5billion) and the Queensland resource industry employs over 26% of the national resource industry workforce or +124,000 workers.

Queensland's prominence as a resource state is forecast to further intensify with Australia predicted to become the world's largest exporter of LNG by 2020 (forecast to be Australia's second most valuable resources and energy export), and by 2017, Australia forecast to be the world's largest coal exporter. Queensland developments are critical to this growth.

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<sup>1</sup> Workplace relations and the Competitiveness of the Australian Resources Sector (2015)

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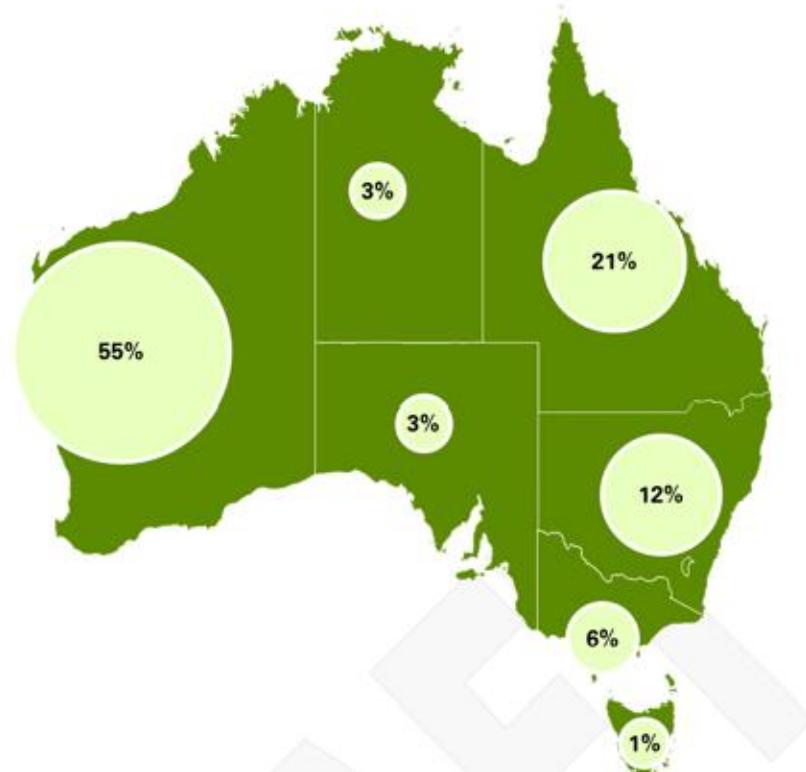
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## Feedback on Bill

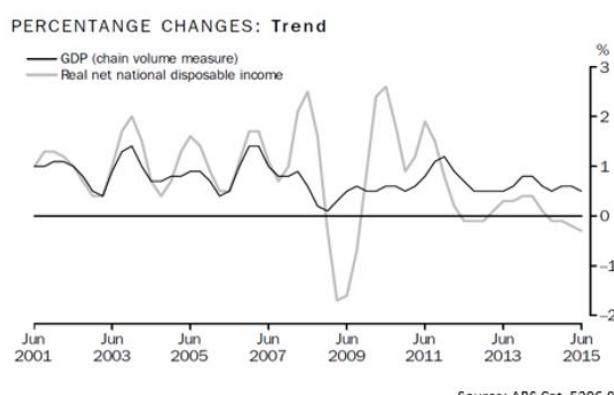
1. AMMA welcomes the Queensland Government's focus on job creation and productivity and **subject** to the below, supports the introduction of a Queensland Productivity Commission (QPC) and passage of the Queensland Productivity Commission Bill 2015 (the Bill).
2. The Bill would create a statutory based QPC, which is largely modelled on the federal Productivity Commission (APC).
3. The core statutory functions and focus of the QPC would appear to be limited to the state of Queensland. However, it does not appear that the QPC would be limited in conducting research, holding inquiries and undertaking its work only to matters pertaining to Queensland, or precluded from working cooperatively with the APC.
4. Productivity (both labor and capital) is important to Australia's overall economic wellbeing and standards of living. According to the ABS, AMMA notes that in the context of the resources industry:
  - a. Resource labour productivity has fallen by roughly 50% since 2001; and
  - b. Australia's resource gross value added multifactor productivity has fallen by more 46% since 2001.
5. Falling productivity equates to reduced output, reduced competitiveness, reduced profitability and reduced investor/business confidence. It subsequently leads to a decline in taxes that the state relies upon, falling living standards as well as lower employment opportunities. Clearly, this benefits no one.
6. An accurate measure of living standards is seasonally adjusted real net national disposable income per head. Over the last year Australia's disposable income slid 1.1% and fell 0.9% in the three months to June 2015. If this rate continues, Australians disposable income will fall by 3.6% per head by the end of this financial year.

**Figure 1 - Resources sector GVA contribution to Australian GDP, 2013-14**



Source: Australian Bureau of Statistics 2014, *Australian National Accounts: State Accounts, 2013-14*, Cat. No. 5220.0, and KPMG analysis.

**Figure 2 – Australian living standards fell almost 1% in the last quarter**



Source: ABS Cat. 5206.0

7. Whilst it is envisaged that the QPC will be asked by the Queensland Government to undertake specific inquiries and tasks, it is important that any work of the QPC is synergistic and complementary with the work of the APC. Whilst the APC Commission is located within the Treasury portfolio, its work covers all levels of government and can encompass all sectors of the economy, as well as social and environmental issues.

8. AMMA would be concerned if there was duplication in activities between the APC and QPC which would be counterproductive to all stakeholders and wasteful of taxpayer monies. Under clause 23 (1) of the Bill:

*The Minister may, by written notice given to the commission, direct the commission to undertake an inquiry on a matter relating to productivity, economic development or industry in Queensland.*

9. The depth and breadth of possible inquiries is extremely broad and the nexus to Queensland can be direct or indirect. It is therefore essential that the proposed QPC does not duplicate any of the core functions already well served by the APC. To minimise possible duplication and redundancy, AMMA proposes two broad guiding principles be adopted, namely:
  - a. Where the subject matter of an inquiry or research project is generally subject to primary regulation at a Commonwealth level, that should be considered a federal matter and within the purview of the APC. The Queensland Treasurer should undertake consultations, as appropriate, with the Federal Treasurer, before issuing any written direction under section 23, and take into account current and completed APC inquiries in the same area of regulation before instigating any Queensland inquiry.
  - b. Even where the subject matter is generally subject to regulation primarily at the state level (Queensland state laws or local government), the Queensland Treasurer should ideally consult with the Australian Treasurer to determine whether the scope of the work would be beneficial to other states/territories generally, and consideration given to a federal inquiry by the APC. This would not preclude or bind the Queensland Minister directing the QPC to undertake a complementary or conduct research under the terms of the Bill, but developing and publishing some clear guidelines would minimise risks of duplication and overlap.
10. AMMA supports operational cooperation between the QPC and APC, and possible administrative and technical cooperation, MOUs, etc. If the QPC legislation needs to be amended to accommodate or encourage this, it should be.

## Productivity and Workplace Relations Reform

11. AMMA notes that the Palaszczuk Government's pre-election policy "Queensland Productivity Commission", states:<sup>2</sup>

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<sup>2</sup> <http://qldcampaign.ml.net.au/portals/qldcs/Policies/Queensland-Productivity-Commission.pdf>, at p.3.

Queensland Labor recognises that productivity is a key driver of living standards and that lifting productivity will be crucial to making the Queensland economy more competitive, creating jobs and boosting household incomes.

Increasing productivity will also be important for strengthening the state's fiscal capacity by assisting the government to sustainably fund improvements in government services like health against the challenging policy backdrop of an ageing population.

For many, increased productivity is interpreted as requiring the workforce to do more for less. This will not be the case under the Queensland Productivity Commission, which will look for rational efficiencies without sacrificing job security, conditions and workplace health and safety safeguards.

12. It is important that the all Australian economies become more competitive, creating jobs and boosting incomes. It is also important to recognise that to help protect living standards, generate investment and job opportunities, it is vital that the workplace relations framework be balanced and conducive to delivering these laudable policy objectives.
13. Without employment, productivity and remuneration become moot points. AMMA therefore welcomes the QPC's policy objective of improving living standards, which will also benefit the nation's economic wellbeing, given the size and importance of the Queensland economy.
14. AMMA notes that the APC is finalising its final report into Workplace Relations Framework, which AMMA has contributed to with separate submissions and independently commissioned research.
15. AMMA would be concerned if the QPC were ever used, intentionally or otherwise, to counter national reform efforts in areas such as workplace relations, or was used as some form of advocacy tool or second order critic by the Queensland Government of the day. Similarly, it would be counterproductive if the QPC produced conflicting recommendations or findings on subjects reviewed by APC.<sup>3</sup>
16. Other areas of regulation, such as Occupational Health and Safety (OH&S), whilst largely state based regulation, continue to be impacted by national tripartite agencies, such as Safe Work Australia, which includes employer, employee, and government representatives (at both a state/territory and federal level). Heads of OH&S agencies also cooperate extensively and inform the work of Safe Work Australia, which also commissions research into relevant areas of concern.

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<sup>3</sup> For example, there have been multiple parliamentary inquiries into FIFO working arrangements within the resource industry at both state (WA and Qld) and federal levels. There would be little to be gained in another inquiry by the QPC which replicates recently concluded inquiries.

17. Prior to a direction provided to the QPC to conduct an inquiry or research, the relevant Minister should be required to give some consideration to the level of work already undertaken by existing agencies and ensure that any possible risk of duplication or overlap is minimised.
18. This is even more relevant where industry representative associations, such as AMMA, already expend considerable time and resources in responding to extant inquiries by a range of specific regulatory bodies, agencies and parliamentary inquiries (across federal and state levels).
19. Such problems may be avoided by forming a consultative or advisory body including business representation (through the Chamber of Commerce and Industry Queensland) to advise the Minister on any proposed QPC inquiries before they are formally instigated under the legislation.
20. The Minister should be required to consult with a stakeholder reference group or similar consultative body prior to instigating any QPC inquiries, giving stakeholders an opportunity to identify where previous issues have been examined and to inform the proposed questions / terms of reference, focus and timing of any inquiries.
21. A proper consultative process prior to inquiries being formally instigated, which could be confidential, would make the QPC a valuable and useful addition to regulatory reform and excellence and ground it in the priorities of key stakeholders in policy and regulation in Queensland.

## Composition of QPC

22. AMMA supports appointments to the QPC being of the highest standing, and the success of the QPC will hinge on the calibre of personnel conducting inquiries and reviews, and the researchers and staff behind them.
23. There should be a process of consultation with relevant key stakeholders (such as the Chamber of Commerce and Industry Queensland (CCIQ)) prior to the appointment of the Board, QPC chairperson and individual Commissioners.
24. Key interests and users of the QPC such as CCIQ should be involved in short listing and making recommendations to government on the QPC Board, Chairperson and Commission members.
25. AMMA also recommends that the appointees, including Board members have considerable commercial experience, be highly regarded by the business community, and have credentials in delivering measurable productivity reform or commercial results.