

2 October 2015

Ms Di Farmer MP
Chair, Finance and Administration Committee
Queensland Parliament
George Street
Brisbane, Qld 4000


Dear Ms Farmer

Inquiry into the Queensland Productivity Commission Bill 2015

Thank you for the opportunity to provide comment to the Finance and Administration Committee's review of the *Queensland Productivity Commission Bill 2015*.

About the Property Council

The Property Council of Australia is the leading advocate for Australia's biggest industry-property.

In Queensland, the Property Council champions the interests of almost 370 member companies that represent the full spectrum of the industry, including those who invest, own, manage and develop in all sectors of property, creating landmark projects and environments where people live, work, shop and play.

A full list of our members is located on our website at www.propertycouncil.com.au.

Establishment of a Queensland Productivity Commission

The Property Council welcomes the establishment of the Queensland Productivity Commission as a stand-alone economic advisory body, independent of Government, with the objectives of lifting productivity, improving living standards and driving economic growth.

Unlike the Victorian Competition & Efficiency Commission or Western Australia's Economic Regulation Authority, which can only investigate matters referred to them by the State Government, this Bill provides the new statutory body with the flexibility to conduct its own investigations, in addition to conducting investigations as directed by the Treasurer. The Bill also provides a mechanism for the Treasurer to seek advice or research from the Commission on matters without the need for a full public inquiry process.

The Property Council considers the creation of an independent statutory body with the powers and resources to conduct self-referred economic investigations, as a positive long-term development for the Queensland economy. The statutory mandate to self-initiate investigations is comparable to the Commonwealth Government's Productivity Commission and is the preferred model to provide independent economic advice.

The Queensland Competition Authority (QCA) has hitherto held responsibility for the regulatory advice and guidance functions of the Government, and the examination of the competitive neutrality issues. The transfer of these functions to the Queensland Productivity Commission will position the new statutory authority as the sole authority of regulatory advice to the Government and draw a clear delineation between the State's competition regulator and economic review and advisory body.

The corporate governance framework and statutory powers outlined in the Bill will provide the authority with the means necessary to perform its required functions.

Areas for future investigation

Significant regulatory and legislative impediments remain to the improvement of Queensland's productivity performance. The Property Council looks forward to the Queensland Productivity Commission's evidence-based analysis informing the public discussion around future reform in a number of key areas:

Local government rating system

Local governments are currently afforded the discretion of setting minimum and differential rating categories with no State oversight. The current practice is to target particular rating categories for increases, in order to maintain lower rates for other categories. Drastic differences in rating increases do not relate to an increase in local government services, but instead reflect a political imperative to keep residential rates as low as possible. The recent *Ostwald Accommodation Pty Ltd v Western Downs Regional Council* decision has clearly outlined that there is no statutory constraint upon the power to levy differential general rates and no obligation on any council to provide reasons for their decisions. The rating system is counter-productive to economic growth and should be subject to an objective independent analysis against rating systems in other jurisdictions.

Local government planning

The 'urban footprint', determined by the State Government through regional plans, establishes a boundary for urban development. Many local governments are not meeting residential dwelling targets, or are choosing to apply a more restrictive urban limit. This is resulting in a negative impact on housing affordability and creating outcomes contrary to the State Governments' planning objectives. There is currently no State Government oversight or monitoring of local government land and housing supply performance, or examination of other factors affecting supply such as Development Application timeframes. Continual monitoring and reporting of local government planning performances could increase accountability and result in improved alignment with State Government planning policies. This analysis could be conducted annually in a similar fashion to the Commonwealth Productivity Commission's *ongoing reports* series.

Thank you once again for the opportunity to provide feedback on the Committee's inquiry into the *Queensland Productivity Commission Bill 2015*.

If you have any questions or wish to discuss this issue further, please do not hesitate to contact me on cmountford@propertycouncil.com.au or 07 3225 3000.

Yours sincerely

A handwritten signature in black ink, consisting of a large, sweeping loop followed by a long, horizontal stroke that tapers to the right.

Chris Mountford
Queensland Executive Director