



Resourcing Queensland's future

19 March 2021

Committee Secretary
Economics and Governance Committee
Parliament House
George Street
Brisbane Qld 4000
Email to: egc@parliament.qld.gov.au

Dear Committee Secretary

RE: Inquiry into the COVID-19 Emergency Response and Other Legislation Amendment Bill 2021.

The Queensland Resources Council (QRC), the Queensland Farmers' Federation (QFF) and AgForce Queensland welcome the opportunity to participate in the Economics and Governance Committee's (EGC) inquiry into the COVID-19 Emergency Response and Other Legislation Amendment Bill 2021 (the Bill). This submission is focused on the temporary regulation-making power that enables Queensland local government to decide, by resolution at a meeting other than a budget meeting, what rates and charges are to be levied for the 2020-21 and 2021-22 financial years.

The QRC is the peak representative organisation of Queensland's minerals and energy sector. QRC works on behalf of members to ensure Queensland's resources are developed profitably and competitively in a socially and environmentally sustainable way. The QFF represents the interests of 21 peak national and state agriculture industry organisations which collectively represent 13,000 farmers, and engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. AgForce is the peak organisation representing Queensland's rural producers, focused on ensuring the long-term growth, viability, competitiveness and profitability of broadacre industries of cattle, grain, cane, sheep and wool in Queensland.

The *COVID-19 Emergency Response Act 2020* recognised the unprecedented nature of the COVID-19 pandemic and introduced extraordinary legislative provisions to facilitate Queensland's response to a broad range of circumstances that were disrupted by the emergency. The provision to allow local governments to make extraordinary decisions for the 2020-21 financial year, including re-levying rates and charges for the remainder of that financial year is due to expire on 30 June 2021. The introduction of the COVID-19 Emergency Response and Other Legislation Amendment Bill 2021 extends the measures to include the 2021-22 financial year.

QRC, QFF and AgForce acknowledge the unprecedented nature of the COVID-19 pandemic and the steps the Government has taken to mitigate the spread of the virus. Whilst our organisations are cognisant of the funding pressures local governments are under and recognise the need to safeguard revenue streams for local governments at a time of economic uncertainty, extending this provision serves to exacerbate the already unpredictable and non-transparent nature of the local government rating system.

The regulatory framework governing how rates are determined already encourages unpredictable and inequitable rating practices across Queensland for businesses. There is no statutory constraint on local governments' power to determine rate charges and under the *Local Government Act 2009*, local government is granted a discretionary power to levy "special rates and charges". The visibility of local government budgets is also limited under the *Right to Information Act 2009*.

This framework has created an unsustainable system that lacks transparency and provides local government with unfettered powers and the ability to effectively plug budget gaps through raising rating revenue on select industries without clear justification. For example, Maranoa Regional Council's 2020-21 budget increased the rate in the dollar on petroleum leases by 70% and large accommodation work camps by 120%.¹

Justifying increases in rates mid-year as a means of ensuring the financial sustainability of a local government risks being at the expense of the viability of the resources and agricultural sector. In 2019-20, QRC members paid over \$200 million in rates and charges to local governments across Queensland.² Farmers in the Bundaberg Region were subject to an increase of \$2.4 million in their rates bills this financial year, with over 200 farmers experiencing their rates bills doubling.

The Bill increases the unpredictable rating environment in which many of our collective members already operate at a time when robust and transparent processes for setting rates and charges are needed. Our sectors will be integral to the economic recovery of the state and require certainty to remain productive and globally competitive.

QRC, QFF and AgForce have, for some time, advocated for increased transparency and accountability in local government budget setting and the way in which rates are determined. The impacts of COVID-19 will likely be felt beyond the term of this Bill. Instead of a series of short-term temporary legislative amendments, Government should consider reforming the local government rating system so that it supports regional development, provides transparency of budgets and ensures the long-term sustainability of local governments.

¹ Maranoa Regional Council, Adopted Budget 2020/21. Available at <http://www.maranoa.qld.gov.au/council/Documents/Adopted%20Budget%202020-21.pdf>

² Queensland Resources Council Economic Contribution Data. Available at <https://www.qrc.org.au/contributiontoqueensland/contributiondata/>

A simple and effective mechanism to balance the Bill's impacts and improve rating transparency generally is to mandate the Queensland government's '[Guideline on equity and fairness in rating for Queensland local governments](#)'. The Guideline sits alongside the existing legislative framework and outlines the fundamental principles local governments should apply in their decision-making process. These include the principles of equity, fairness and predictability.

Compliance with the guideline is not mandatory and the unreasonableness of rate increases, uncertainty of the process and lack of transparency are consistently raised in legal challenges. At a minimum, mandating the guideline would provide greater predictability in the rates determination process for our members and increase the transparency of local government budgets. The Guideline was introduced to provide a consistent approach to transparency between councils but it has not been effective in this regard; the Committee should urge the Minister to provide an update on the Guideline in his speech on the Third Reading of the Bill.

Our organisations understand the complexities associated with reforming the local government rating system. Nonetheless a good governance framework for determining local government rates is imperative to the industries we represent and the financial sustainability of local government which delivers services essential for their local communities. In looking beyond the extension of extraordinary decision powers, there is an opportunity for Government to consider how to best improve the transparency and sustainability of the local government rating system.

If we can provide any further information or clarification, please contact Anna Wright, QRC Policy Adviser at annaw@qrc.org.au or on 0435 735 503.

Yours sincerely

Ian Macfarlane
Chief Executive
Queensland Resources Council

Georgina Davis
Chief Executive
Queensland Farmers
Federation

Michael Guerin
Chief Executive
AgForce Queensland