QUEENSLAND resources COUNCIL

Resourcing Queensland's future

19 February 2024

Mrs Melissa McMahon MP
Acting Chair
Transport and Resources Committee
Parliament House
George Street
BRISBANE QLD 4000
Email: trc@parliament.qld.gov.au

Dear Mrs McMahon,

Thank you for the opportunity to appear at the public hearing on 12 February 2024 for the *Inquiry into the Land and Other Legislation Amendment Bill 2023 (No. 2) 2023.*

As stated during the Parliamentary hearing, the Queensland Resources Council (QRC) supports the position that industry should pay reasonable local government rates and charges. Unfortunately, the resources industry has been subject to excessive increases in local government rates and charges which impacts on their operations. Therefore, industry is calling for greater scrutiny, transparency, and predictability in the local government rating system.

At the hearing, QRC was requested to provide further data from industry on excessive local government rate increases.

Our response to this request is outlined below.

QEAS Report 2019

The QRC would like to draw the Committee's attention to a report on the "*Review of local government rates paid by Queensland non-residential property owners and resource projects*" published in 2019 by the Queensland Economic Advocacy Solutions (QEAS). The report was jointly commissioned by the Property Council of Australia and the QRC.

This report confirms that Councils are inconsistent in their approaches, are not transparent in their decision-making and lack accountability. The resultant outcome is a lack of consistency, a lack of certainty and a patchwork of approaches that could impede new investment and economic growth across Queensland (page 2).

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The report also stated that many Councils are continually departing from the established "Guideline on equity and fairness in rating for Queensland local governments" when balancing competing budgetary pressures. Councils in Queensland unlike other jurisdictions are privileged with more autonomy and minimal constraints in levying differential rates - there is no legal obligation on councils to provide justification for their rating decisions (page 2).

The report also highlighted that the number of differential rate categories within a Local Government Area appear to be based more on the opportunity to raise revenue—by singling out property owners and their capacity to pay —than on its original purposes of better aligning equity and user pays principles (page 5).

The report notes that in many instances a local government has applied a considerably higher rate increase to non-residential categories between 2017-18 and 2018-19 than for residential properties, further exacerbating an already higher differential rate for commercial properties and resource projects. In many cases, these higher levels of non-residential rates are being paid more than once on the same property. For example, a landholder may pay rates on their property's land value as a grazing property and then rates are also paid for a petroleum lease. There is no adjustment made to either rates bill to reflect this double payment against the same land value.

The QRC would like to point to the differential rate and minimum contribution increases (FY18 to FY19) in Section 3.3 of the report (page 11).

Contemporary data

The following examples demonstrate some of the real issues facing industry.

Unreasonable increases in local government rates
The following tables (Table 1a – 1c) show examples of the unreasonable increase in local government rates (ranging from 15 % to 1,270 %) for various companies, noting no change to the project area footprint and no change to the operational capacity, and no change in rating category.

Table 1a: Rate increases for Petroleum Area 1

Petroleum Area 1	Local Government Rates Payment		Change
Rate Period	1 Jul 22 – 1 Dec 22	1 Jul 23 – 1 Dec 23	1 year
Invoiced Amount	25,000	336,000	+ 1,270 %

Table 1b: Rate increases for Mine Site 1

Mine Site 1	Local Government Rates Payment		Change
Rate Period	FY23	FY24	1 year
Invoiced Amount	$6.3M	$8.1M	+ 29 %

Table 1c: Rate increases for Mine Site 2

Mine Site 2	Local Government Rates Payment		Change
Rate Period	FY23	FY24	1 year
Invoiced Amount	$3.3M	$3.8M	+ 15 %

NB: Values have been rounded up.

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Unpredictable rate rises
The examples below show the significant increases in average rates (rate in the dollar) and average minimum charge by a number of local governments on the respective category types.

In the three years from FY21 to FY24 a few major increases include:

- One Council increased its average **petroleum rate** by 743% (rate in the dollar).
- Two Councils increased their average minimum charge for **workforce accommodation** by 353% and 164%.
- Two Councils increased their **average minimum charge for mining** by 41% and 106%.

Across several major resource local government areas (LGAs), petroleum operators are paying close to (or above) their land value in rates each year. Table 2 below shows the average petroleum rates (rate in the dollar) for several de-identified local governments. **For example**, LGA 4 has an average rate at 1.35 times the land value each year. This would mean that if the land value for a particular Petroleum Lease (PL) is $100k, the average rate payment is $135k. Rates are an annual payment, so a petroleum lease would be asked to pay 135% of the land value each year as rates.

To quote the Queensland Ombudsman, "There is no limit on what a local government can charge for its rates" (https://www.ombudsman.qld.gov.au/how-to-complain/complaints-process/common-complaints/rates-and-charges)

Table 2: Average petroleum rates (rate in the dollar) for several de-identified local government areas.

Local Government Area	Petroleum: Rate in $ (Average)
LGA 1	$ 0.90
LGA 2	$ 1.02
LGA 3	$ 0.86
LGA 4	$ 1.35
LGA 5	$ 0.49

In the Committee hearing, the Local Government Association of Queensland said that across Queensland, local government rates had only increased by 4.43%. The QRC considers a state-wide average is not a meaningful metric for assessing whether resources operators have experienced significant rate increases like the examples provided above. Resources operators only account for a small minority of Queensland rate payers and do not operate in every Queensland LGA. Therefore, the significant increases to rates experienced by industry, can be masked by the vast majority of Queensland businesses or residents that aren't resource operators.

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QRC Recommendation
Prior to considering the proposed legislative amendments, QRC recommends that the State Government:

- Review the local government rating framework and consult with key stakeholders to develop a fair, sustainable and equitable rating system that allows industry to grow while supporting local governments to deliver regional sustainability outcomes.
- Mandate the '*Guideline on equity and fairness in rating for Queensland local governments*' to ensure local governments are upholding the principles within the Guideline.
- Develop and deliver an education package that complements the mandating of the Guideline to ensure local governments are aware of their obligations for fair and transparent local government rating processes.

The resources sector is a strong supporter of regional communities and we have been a long-standing partner adding to the diversity and longevity of regional economies. QRC appreciates the vital role local governments play in Queensland and recognises the importance of their financial sustainability to regional economic prosperity. We want to see regional Queensland continue to grow and prosper.

Thank you again for the opportunity to provide evidence to this important inquiry. The QRC contact on the attached submission is Resources Policy Director, Nicole Duguid, who can be contacted on [redacted]

Yours sincerely

[redacted]

Judy Bertram
Acting Chief Executive

Attachments:

- Letter submission to Ms M. Telford_TRC Submission Land and Other Legislation Amendment Bill 2023_16.01.24
- QRC submission to the Queensland Parliament's Transport and Resources Committee: Submission addressing the Land and Other Legislation Amendment Bill (No.2) 2023. 16 January 2024

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