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18 October 2016

Mr J Pearce MP
Chair, Infrastructure, Planning and Natural Resources Committee
Parliament House
George Street
Brisbane Qld 4000

Dear Mr Pearce

Inquiry into the *Cross River Rail Delivery Authority Bill 2016*

Thank you for the opportunity to provide input into the Infrastructure, Planning and Natural Resources Committee's inquiry into the *Cross River Rail Delivery Authority Bill 2016*.

The Property Council of Australia strongly supports the delivery of the Cross River Rail project which has the potential to unlock significant economic growth opportunities for Queensland.

An additional rail crossing over the Brisbane River has near-universal support. Both Building Queensland and Infrastructure Australia have identified the project as the state's leading infrastructure priority. Cross River Rail will not only alleviate the rail network's looming capacity problems but greatly increase Brisbane's economic productivity.

The statutory framework proposed for the project's delivery authority in the *Cross River Rail Delivery Authority Bill 2016* is supported by the Property Council. Many of the approaches in the Act are consistent with the *Barangaroo Delivery Authority Act 2009 (NSW)* which has achieved a similarly complex city-building project for Sydney.

The proposed statutory body offers the best opportunity to focus the resources of Government to make this project a reality.

Amongst the proposed functions and powers of the authority is entering into agreements on funding, consulting on funding options and providing relevant advice to the Government. The Government has outlined that 'value sharing' mechanisms are one of the models being actively considered to partly finance this project.

Despite strong support for the project and the delivery authority's establishment, the Property Council remains cautious of the prospect of utilising 'value sharing' or some form of 'value capture' levy to contribute towards financing Cross River Rail. The Property Council has cautioned the Government on the need to ensure any potential funding model does not become simply another tax.

Cross River Rail offers potential for the Government to partner with property owners around proposed stations and along the proposed corridor to generate additional urban renewal, uplift and funding opportunities. However, poorly designed 'value capture' levies, based on perceived increases in property values, pose a significant economic risk.

It can be very difficult to quantify any increase in property value that has occurred from a new piece of infrastructure. For instance, Cross River Rail could increase property values not just in the local vicinity, but all over the rail network and even for primary producers and mining operations hundreds of kilometres away from the new line. An increase in land value also doesn't necessarily mean that the owner has greater income to pay an additional new tax.

It should be noted that if Cross River Rail causes property values to increase, as expected by the State Government, then the Government will receive a financial windfall from this increase through land tax and stamp duty receipts. It is also likely that Brisbane City Council will also receive an increase in rates revenue through higher property values.

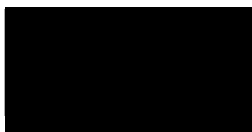
The Government should seek innovative uses of existing revenue streams prior to developing new bespoke taxing models to finance the Cross River Rail project. The Property Council would strongly encourage the Cross River Rail Delivery Authority to investigate a tax increment financing model which would hypothecate this future tax uplift to the initial cost of project delivery.

The Property Council welcomes the Queensland Government commitment to consult industry and the community prior to any potential value sharing arrangements being developed.

Once again, thank you for the opportunity to provide feedback on the Committee's inquiry into the *Cross River Rail Delivery Authority Bill 2016*.

If you have any questions or wish to discuss this issue further, please do not hesitate to contact me on [REDACTED] 07 3225 3000.

Yours sincerely

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Chris Mountford
Queensland Executive Director