

## LAND AND OTHER LEGISLATION AMENDMENT BILL (NO. 2) 2023

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16 January 2024

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A/Committee Secretary  
Transport & Resources Committee  
Parliament House  
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Dear Ms Telford

Please find attached the Queensland Resources Council's (QRC) Submission - **Land and Other Legislation Amendment Bill (No.2) 2023**.

QRC thanks the Committee for the opportunity to make a submission on this Bill and would welcome any opportunity to appear before the Committee and speak in support of this submission. The submission has a focus on the amendments to the Resources Act that introduce the payment of local government rates and charges as a consistent mandatory condition of a resource authority.

In principle, 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.

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.

QRC has considerable concerns about the Queensland Government's consultation process on the proposed amendments to the local government rates and charges. Our understanding is that the proposed changes were tabled in Parliament prior to the

conclusion of the consultation period outlined in the Queensland Government's paper "*Improved Regulatory Efficiency*" which closed on 8 December 2023. There is significant industry concern about the appropriateness of this policy process and the lack of detail surrounding the legislative amendments during that consultation period.

Further consultation across industry, state government and local government is required to develop a sustainable and workable local government rates and charges framework prior to considering the proposed legislative amendments within this Bill.

QRC appreciates the vital role local governments play in Queensland and recognises the importance of their financial sustainability. Indeed, our industries have a vested interest in ensuring that local governments, particularly those in regional Queensland thrive. It is vital for our workforces and industries that local governments are able to deliver the essential services our regional communities rely on. Both the resources sector and local governments' sustainability are critical for Queensland's prosperity.

If you have any questions or would like any further details about any of the matters raised in this submission, please contact Nicole Duguid, Resources Policy Director at

[REDACTED]

Yours sincerely

[REDACTED]

Judy Bertram  
A/Chief Executive

# QRC Submission

To Queensland Parliament's  
Transport & Resources Committee

Submission addressing the Land and Other  
Legislation Amendment Bill (No.2) 2023.

16 January 2024

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# Introduction

## About QRC and the resources industry

The Queensland Resources Council (QRC) is the peak representative organisation of the Queensland minerals and energy sector. QRC's membership encompasses minerals and energy exploration, production, and processing companies, and associated service companies, both technical and professional. The QRC works on behalf of members to ensure Queensland's resources are developed profitably and competitively, in a socially and environmentally sustainable way.

The resources industry is a key driver of the Queensland economy and one of the State's largest export earners. In 2022 – 2023, the Queensland Government received \$18.1 billion in royalties alone from the resources sector, with a total of \$116.8 billion contributed to the Queensland economy.

Queensland's resources industry collectively.

- Supported one in six Queensland jobs.
- Contributed one in every four dollars to the State economy.
- Generates around 82% of the value of Queensland exports.  
(<https://www.treasury.qld.gov.au/queenslands-economy/economic-dashboard/>)
- Supports more than 15,919 local Queensland businesses.
- Contributes to more than 1,427 charities and local sports clubs.
- All from just 0.1 per cent of Queensland's land.

<https://www.qrc.org.au/wp-content/uploads/2023/11/2023-Economic-Contribution-Statewide.pdf>

## About this submission – Local Government Rates and Charges

QRC thanks the Transport and Resources Committee for the opportunity to review and comment on the *Land and Other Legislation Amendment Bill (No.2) 2023* (the Bill) introduced into the Queensland Parliament on 15 November 2023 by Hon. Scott Stewart, Minister for Resources.

This submission focuses on the introduction of consistent mandatory conditions for resource authority holders for payments of local government rates and charges through the harmonisation of legislation under the *Geothermal Energy Act 2010*, the *Greenhouse Gas Storage Act 2009*, the *Petroleum and Gas (Production and Safety) Act 2004* and the *Petroleum Act 1923*.

The Bill makes the payment of local government rates and charges a mandatory condition of petroleum and gas, geothermal and greenhouse gas resource authorities, consistent with the mining leases under the *Mineral Resources Act 1989*.

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The proposed amendments to the Resource Acts will:

- Insert new provisions in each Act to make the payment of applicable local government rates and charges a mandatory condition of a resource authority.
- Amend provisions in each Act to allow the Minister to use the resource authorities' security payments to remedy unpaid local government rates and charges.
- Amend provisions in each Act to allow the Minister to consider the non-payment of local government rates and charges during the renewal process for the resource authority.

QRC understands the need to harmonise the tenure conditions across the various Resources Acts and supports the position that industry should pay reasonably determined local government rates and charges. However, QRC has significant concerns with the shortfalls in the Queensland Government's consultation process regarding the above matter, as well as the unfettered structure of the current local government rating framework.

## Key Issues

### KEY ISSUE - TABLING OF THE BILL PRIOR TO CONCLUSION OF CONSULTATION

Noting QRC's support for the position that industry should pay fair and reasonable local government rates and charges, QRC strongly advocated for early and meaningful consultation with all stakeholders directly involved with the proposed amendments prior to proposing any specific legislative changes.

QRC welcomed the opportunity to comment on the proposed amendments to local government rates and charges in the consultation paper "*Improved Regulatory Efficiency*" (the Paper) released by the Queensland Government in September 2023. However, QRC would like to highlight the lack of detail in the paper regarding the harmonisation of legislation across the various Resources Acts, which restricted industry's ability to provide meaningful feedback.

QRC would also like to highlight that the Bill was tabled in Parliament in November, prior to the conclusion of the consultation period for the Paper which was the 8 December 2023. Therefore, it is unlikely that QRC's submission or any other submissions, were given due consideration prior to the Bill being tabled in Parliament. This raises considerable concerns about the consultation process undertaken for, and the level of detail provided in, the proposed amendments to local government rates and charges.

The introduction of the Bill before considering all submissions fails to allow appropriate and meaningful consultation required to deliver good regulatory outcomes. It would seem to fly in the face of The Queensland Government Better Regulation Policy, September 2023 <https://s3.treasury.qld.gov.au/files/Queensland-Government-Better-Regulation-Policy.pdf>

### KEY ISSUE – NO STATUTORY CONSTRAINT TO DETERMINE RATES AND CHARGES UNDER THE CURRENT FRAMEWORK

While the Bill makes the payment of applicable local government rates and charges mandatory across each relevant Resources Act, there has been no provision to consider how the rates and charges should be determined and applied.

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There is currently no statutory constraint on local governments' power to determine rate charges, and under the *Local Government Act 2009*, local governments are granted a discretionary power to levy "special rates and charges". The full visibility of a local government budget is also limited under the *Right to Information Act 2009*. This has created an unsustainable system which provides local government with unfettered powers and the ability to excessively increase rating revenue on select industries without clear justification.

The Queensland Government's '[Guideline on equity and fairness in rating for Queensland local governments](#)' (the Guideline) dated June 2017, sits alongside the legislative framework. It outlines the fundamental principles local governments should apply in their decision-making process including equity, fairness, and predictability. Although the Guideline sets an acceptable minimum standard for determining rates, compliance with the Guideline is not mandatory so is not enforceable.

QRC appreciates that the role of local government is particularly important for regional communities and acknowledges that adequate funding of local governments remains a challenge. QRC also recognises the need to have flexibility in local governments' discretion to determine rates. Conversely, the resources sector needs transparency and predictability of operational costs to be able to compete on a global scale.

### **Unreasonable Rating Practices**

QRC has been advised by various companies that excessive increases in local government rates and charges are widespread and impacting their financial sustainability, particularly junior players in the sector. In many instances, payments of local government rates as a percentage of a producers' operating costs have reached double digits, and far outstrip their other operating costs.

During the public briefing on the Bill (27th November 2023), the department stated that there is a general level of acceptance regarding the intention of the proposed amendments to support the community's expectation that the resources industry should provide benefit to the communities in which they operate. While this may be true in principle, the statement fails to consider the consequences of applying an opaque and arbitrary local government rates determination process, which QRC has highlighted on numerous occasions.

Concerns raised by industry about Queensland's local government rating framework include:

- Local governments are not upholding the principles in the Guideline including equity, fairness and predictability.
- Uncertainty in the local government rating process and lack of consultation between local governments and industry.
- Lack of a legislative objection and appeals processes once a rates notice is issued, and the absence of a dispute resolution process.
- Lack of transparency and fairness in the rating system including unreasonable increases without justification.
- Investment capital is fast becoming scarce, and some producers are struggling to pay rates that have exponentially increased in recent years.



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While the proposed amendments may incentivise compliance by the resources industry and support local government to recover unpaid rates and charges, the continuing inequitable and unreasonable local government rating process could potentially put marginal projects at risk by diverting limited available capital away from resource exploration and development. This is particularly true for smaller operators who may decide that the investment landscape is not financially viable for a project. In the long-term this may have a knock-on effect and diminish future projects and regional jobs, resulting in decreased economic contribution to local government areas.

### **Advocacy on rates**

QRC believes the Queensland Government has a greater role to play in ensuring the sustainability of both local governments and the industries that operate in the regions. Since 2015, QRC has sought greater transparency and improved governance around local government budgets and revenue raising, and has participated in, and provided feedback on the following areas to improve the local government rating framework:

- Submission to government seeking legislative amendments to the current legislative framework governing local governments and valuations as well as introducing best practice guidelines – 24 March 2016.
- The development of the *Draft Guideline on equity and fairness in rating for Queensland local governments*- 30 November 2016.
- The Queensland Government Parliamentary Committee Inquiry into the long-term financial sustainability of local governments – 9 June 2017.
- The Queensland Audit Office (QAO) audit into Managing Local Government Rates and Charges.
- The discussion papers on proposed amendments to regulations – rates and finance provisions – 26 August 2019.
- Submission to the Department of Resources and State Development regarding the current consultation Paper “Improved Regulatory Efficiency” - December 2023.

As it currently stands, the State Government is effectively delegating power to local governments to influence the fiscal regime that applies to the resources sector without any process for external scrutiny and fairness. The proposed amendment endorses and facilitates the continuance of this situation.

The result is that local governments, through their rating policies will continue to have the ability to:

- Create significant sovereign risk for resource operations in Queensland.
- Negatively affect growth and competition in the industry.

This is in direct contradiction to the State Government's *Queensland Resources Industry Development Plan*'s vision to develop “A resilient, responsible and sustainable Queensland resources industry that grows as it transforms” which has a mandate to support investment and development of Queensland's resources industry.

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External scrutiny of local government rates is common practice in nearly all of Australia's other states and territories and oversight measures have proven effective. A [report](#) by the Queensland Audit Office (QAO) into managing local government rates and charges found that *"other states have some limits on the extent to which they can set and increase differential general rates and use minimum rates. Queensland does not"*.

Greater transparency, clarity and scrutiny of local government rating practices, including greater consultation with industry are important characteristics of good governance and expected from every level of government, whether local or state government.

## QRC's key recommendation

The Queensland resources sector is one of Queensland's most important economic drivers, and a majority of its workforce live in regional communities. Our industries have a vested interest in ensuring that local governments, particularly those in regional Queensland thrive, as it is vital for our workforces and industries that local governments can deliver the essential services our regional communities rely on. Both the resources sector and local governments' sustainability are critical for Queensland's prosperity.

To sustain the ongoing growth of the resource industry and maintain the on-flow of benefits afforded to communities particularly in regional Queensland, it is important that all stakeholders directly involved have a clear and consistent understanding of the issues, and collectively develop workable solutions. Consultation is key to reducing ambiguity and providing greater certainty for industry and the broader community, as well as avoiding potential unintended consequences of poor policy development that may have long-term impacts on industry and the associated economic landscape.

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QRC commends the following recommendations to the Committee:

### QRC RECOMMENDATIONS

That the Queensland Government review the local government rating framework and engage 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.

That the Queensland Government's '[Guideline on equity and fairness in rating for Queensland local governments](#)' dated June 2017 is mandated alongside the regulatory reform process and legislative amendments being considered by parliament under this Bill. QRC strongly supports the principles outlined in the Guideline but due to its non-statutory form, it is failing to deliver the transparency and accountability.

QRC also recommends that the Queensland Government develop and deliver a local government education package that complements the mandating of the Guideline to ensure local governments are aware of their obligations for fair and transparent rating processes.

Further consultation is required across industry, state government and local government to implement a reform package prior to considering the proposed legislative amendments.

Mining and petroleum operations in regional Queensland typically span decades. As a result, resource operators are deeply involved with their community and have a keen interest in having a sustainable, thriving local government and a great place for their workers to live. QRC welcomes any opportunity to discuss this submission as a step towards more sustainable regional communities and local governments.

We look forward to working with the state government and local governments to deliver a fair and equitable rating system as part of a reform package that supports both regional development and the long-term financial sustainability of local governments and industry.