

2nd August 2016

Data Availability and Use
Productivity Commission
GPO Box 1428
BARTON ACT 2601

To the Director,

Re: *Productivity Commission Issues Paper – Data Availability and Use*

The Property Council of Australia is pleased to provide a submission in response to the Productivity Commission's Issues Paper *Data Availability and Use* (the *Paper*).

The Property Council is the peak body representing the interests of owners and investors in Australia's \$670 billion investment industry.

The property industry contributes 11 percent of GDP, employs one in four Australians and comprises over 16 percent of taxation revenues nationally.

Despite this, there are glaring gaps in the data currently available about this industry. This has seen state and commonwealth governments implement a number of policies without clear and sufficient justification or evidence of the problem or the impact their intervention is likely to have.

Nowhere is this more evident than in recent changes to foreign investment and taxation policy.

Foreign investment

Foreign investment into residential real estate is crucial to the ongoing supply of dwellings in Australia, and thereby also important in maintaining relative stability in prices.

Similarly, foreign investment plays a significant part in the commercial property sector, and should be encouraged rather than stifled. Australia simply does not have sufficient domestic savings and investment capital to fund our property and infrastructure needs.

However, there continues to be a lack of reliable data available to the general public on the level of foreign investment in Australia, particularly in the residential real estate market. This leads to foreign investors being held responsible for rising house prices in our major cities, when there is no actual evidence to support this.

With the changes implemented in 2015 that have seen the ATO become responsible for most residential property related foreign investment applications, there is now an opportunity to better

collect and interrogate the data. For example there is now a register of ownership of agricultural land. The ATO has indicated it may consider publishing certain data sets (sanitised to protect individual privacy), it has yet to formally commit to the type of data it will collect and the frequency of reports.

While we recognise that the Foreign Investment Review Board releases some data in its annual reports, there are clear opportunities to expand on this. In particular, it would be very beneficial for the data to be released quarterly, to allow timely analysis of key trends that could shape both public debate and policy development.

As of 1 July 2016 the ATO has been collecting information on real estate transactions, through quarterly reports provided by state and territory revenue and land titles offices (the first report is due October 2016). It will also create a register of foreign ownership of residential real estate, however this will not include an audit of holdings prior to July 1 2016.

Additionally, as of 1 July 2016 the NSW Government has commenced collecting comprehensive data about foreign ownership of houses and apartments in that State.

Without compromising the privacy of the individuals, information collected by the ATO and NSW Government should be made publicly available. Other states and territories should also be encouraged to undertake similar collection processes, ensuring as much as possible that there is consistency in methodology across jurisdictions.

Finally, the ABS also provides an annual snapshot of international investment positions, including the level of foreign investment into Australia, leading investor countries, level of Australian investment offshore.

If all of this information were to be centrally collected and regularly made available at least to industry if not the general public, it would improve understanding about the importance of foreign investment to the property industry, and allow for the identification of trends in investor activity.

This information would be useful for both Government and industry, and lead to more evidence-based policy making in this area.

Housing supply data

A blend of record levels of domestic and foreign investment, and record low interest rates, has seen residential building activity hit unprecedented levels in recent times.

But with construction more important to the economy than ever and housing affordability at critical levels, government data sets are poor.

The last reliable forecasts, released by the former National Housing Supply Council in 2012, showed a housing deficit of 228,000 dwellings across the country.

Since its abolition in 2013, the Commonwealth has no accurate measure of data relevant to residential markets.

Improved data collection and monitoring on housing supply and demand will lead to better long-term policy development in this crucial area and give policy makers an immediate edge in understanding demand, supply and affordability.

A reinstated Housing Supply Council or similar body can:

- expand on the role of the former National Housing Supply Council, including collection of planning system data to support the delivery of new policy approaches to improving housing supply
- track foreign investment activity and its crucial role in supporting housing supply
- monitor housing supply across all markets to understand the impact of policy measures
- encourage both private sector and government land activation to support residential development pipelines into the future
- track – and respond to – local and state government land release and strategic planning, and
- support ongoing reforms to encourage better planning systems and provision of infrastructure which underpins economic growth.

Similar to the previous State of Supply Reports, the work of the Housing Supply Council should be made available to industry on a regular basis.

In 2015 a meeting of State and Territory Treasurers agreed that housing title data should be collected centrally and made available to inform future government actions to address housing affordability and general actions on matters of the economy.

Collection and analysis of this data will allow early identification of trends and issues in the housing market, providing an immediate edge in understanding supply, demand and affordability that presently eludes both industry and government. Residential development policy has a place at the centre of Federal and State decision making and consolidated data on supply and demand of housing is crucial to all future government business.

Consistency and red tape reduction

It is crucial that a core principle of any data collection and publication be consistency across jurisdictions. As the Paper notes, currently not even property title data is collected and reported in a consistent way across state and territories.

Such fundamental failures could easily be remedied, improving the quality of the data and reducing the costs of collection and review.

The property industry already provides a wealth of data to all levels of government that should be used as the basis for policy development and to improve government processes. For example, consistent collection and reporting on planning and development application processes would highlight areas of duplication and unnecessary red tape. This would provide clear opportunities for reforms that would reduce costs to industry and homebuyers, and improve productivity. Continued collection and reporting of the data would then allow the benefits of reform to be accurately demonstrated.

However, it is important that the collection and reporting of data not add to the administrative burden already placed on industry, but rather make better use of existing processes. There is a clear role for governments and government agencies to take responsibility for harmonising and streamlining their processes.

Further, governments at all levels currently charge a range of service and administration fees for processes that essentially collect important data on the areas of concern to the property industry raised above. An obvious example of this is the application fees charged by the ATO for foreign investors wishing to purchase residential real estate. Similarly, lodgement of a development application with local government attracts fees, as does title registration with state and territory land titles offices. As such, governments should not move to introduce further fees under the guise of cost recovery for data collection.

Better and more consistent collection and publication of data, particularly in the areas raised above, provides great opportunities to improve government processes and policy making in ways that will allow the property industry to continue to provide the jobs and drive the economic growth that underpins our economy.

While we have not sought to address all the issues raised in the Paper, we welcome the Productivity Commission's inquiry into this important area.

Please contact me if you require further detail on anything raised in this submission. Subject to availability; we would of course be happy to participate in any ongoing consultation processes.

Yours sincerely

Glenn Byres
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