

12th December 2016

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

To the Director,

Re: *Productivity Commission Draft Report – Data Availability and Use*

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

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.

As stated in our previous submission, glaring gaps remain in the data currently available on the activity of the property industry, despite many state and federal government processes that already capture significant volumes of important data.

Lack of consistent and readily available data has, in our view, contributed to poor public policy being implemented by state and commonwealth governments without clear and sufficient justification or evidence of the problem or the impact their intervention is likely to have.

We are therefore very pleased to see the Productivity Commission's draft recommendations include a fundamental change in the way governments approach data collection and release.

The following are our responses to the findings and draft recommendations of the Report. We have deliberately not responded to individual recommendations in detail, as we leave the detailed and technical commentary those with greater expertise in this area. However, there are several areas that the Property Council is keenly interested in and supports, which are reflected in our comments.

Public sector data access

The Property Council agrees in particular with the Commission's Draft Finding 3.3 that there is an ingrained culture of risk aversion within the public sector when it comes to sharing or releasing data.

A recent example is the activities of two separate state governments who are concurrently, but independently, developing an energy efficiency rating tool for dwellings. The metrics and measures justifying the need for such tools and underpinning their development should be standardised across the country, however neither jurisdiction is willing to share the data that is informing their work, either with each other, or with the industry.

In addition, there are a range of other public and private sector projects that have collected significant data that should also inform this policy development, but a lack of awareness, or perhaps an unwillingness to engage with these entities, has meant that this has also not been included. The result is two different approaches to the same issue, and an additional layer of red tape and complexity for the development industry. This increases the cost of building new dwellings which will lead to either less supply or higher dwelling prices for home buyers.

If governments approached this type of policy development in a more collaborative manner, and were willing and able to share the data with their colleagues in other jurisdictions, not only would the outcomes be simpler and more user-friendly, but potentially also more scientifically robust.

Private sector data access

The Property Council in principle supports the findings and recommendation as they relate to addressing impediments to private sector data access.

However, we would also caution that any requirement on the private sector to collect information and provide it to government should not add unreasonable complexity, cost, or red tape burdens on the private sector. Similarly, consideration of commercially sensitive information should inform any such requirements and be the subject of negotiations, rather than arbitrary government requirements.

Personal data

The Property Council does not have a specific view on these issues, beyond agreeing that the changing technology and people's use of it require fundamental changes to the legislation and policies that currently govern the collection and use of such information.

Where sharing of this type of data between government agencies can lead to better planning for services such as transport, education, and healthcare, and thus inform land use planning decisions, the Property Council would be supportive. However, this area is likely to be a contentious one, and we would leave it to those with more expertise in this area to provide more informed commentary.

Making data more useful

The Property Council agrees that there is duplication of data collection in a range of areas, that could be avoided through more standardised data collection and management across agencies

and jurisdictions. To that end, we support the recommendation for consistent data standards to be adopted.

Valuing and pricing data

The Property Council in principle supports a centralised system for the management of datasets for public release, and in particular the publication of a list of requested datasets.

We would also strongly encourage better resourcing of the central data agency and those agencies responsible for the most 'in demand' datasets to enable a degree of value-adding to important datasets. This would result in more timely and relevant data sharing, and encourage their wider use for evidence-based policy development and service delivery.

In recognition that there would be additional costs associated with this type of value add approach, in certain circumstances the Property Council would support cost-recovery pricing models, provided these revenues flow directly to the respective agencies and projects, rather than into government consolidated revenue.

Governments at all levels currently charge a range of service and administration fees for processes that essentially collect important data on many areas of concern to the property industry. An obvious example of this is the application fees charged by the Commonwealth for foreign residents wishing to purchase Australian 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 or publication.

Fundamental reform

The Property Council supports the Productivity Commission's recommendations in relation to the designation and release of National Interest Datasets (NIDs).

Similarly, the creation of a single government entity with responsibility for oversight and monitoring of the NIDs and other important elements of Australia's data system is supported. It is vital that this agency is appropriately resourced to ensure that public confidence in the new system is maintained.

We would also support the establishment of a Parliamentary Committee to take input on what could possibly constitute an NID, as it is the most appropriate mechanism to ensure bi-partisan recommendations are made. However, we would note our concerns that this could also be a significant delay to the implementation of any new data system if not managed appropriately. Further, it may create a degree of public angst, particularly in light of the 2016 Census, that could be damaging to any move towards a new, more transparent data system in Australia.

Nevertheless, there are several areas where we think NIDs would be beneficial to public policy formulation with relevance to the property industry, including:

- *Foreign investment*

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 and a similar register for water rights. While 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.

The Foreign Investment Review Board (FIRB) also releases some data in its annual reports, however unlike many similar entities these reports are not released in a timely manner. For example, the FIRB annual report for the year ended 30 June 2015 was released ten months later in April 2016. It would be more beneficial for key datasets to be released quarterly, to allow timely analysis of key trends that could shape both public debate and policy development.

From 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 took place in 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.

Without compromising the privacy of the individuals, information collected by the ATO and state agencies should be made publicly available. Where they are not already doing so, other jurisdictions should also be encouraged to undertake similar collection processes, ensuring as much as possible that there is consistency in methodology.

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 and demand*

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.

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.

- *Planning systems*

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.

- *Energy markets*

Energy use is highly variable across the building sector, efficiency projects are often technically complex, and the opportunities to improve energy performance are fragmented across numerous small projects and decision makers. To achieve large-scale improvements in the energy performance of buildings, this complexity must be both reduced, so that consumers can understand the choices available to them, and outsourced to third party service providers.

This requires developing and implementing a national built environment energy data and information strategy in partnership with relevant industry and research organisations, including a coordinated process for improving and expanding energy and environmental performance rating tools.

Energy data and information is currently managed by a range of different organisations. Many other policies and programs rely on the data collected and tools administered by these organisations. For example, the Commercial Building Disclosure Scheme requires disclosure of energy performance based on NABERS ratings, while the National Construction Code references the NatHERS residential rating tool to set the minimum energy performance standard for homes. A national strategy should be developed to ensure that ongoing improvements in energy data and information are coordinated and funded.

Improving access to energy consumption data, with consideration of the establishment of a central, streamlined and highly accessible open data platform for energy consumption and performance data which is free or available on a cost-recovery basis should be prioritised.

For energy consumption data to be useful, it is essential that it is accessible at low effort, at low or zero cost and via cloud-based smart phone apps, particularly for households. While direct access to energy consumption data for energy consumers is important, far more important is the process for third parties to access this data (subject to privacy considerations), in order that they can package it into useful information that is comprehensible and actionable by consumers, as part of an energy upgrade offering or as part of an energy management service such as a cloud-based energy management app.

We urge the Commission to consider investigating ways to facilitate better access to energy data as part of the current review. One option may be the development of a single central publicly administered platform for the collection of energy consumption data, with a single, standardised process for access to this data by consumers and by third parties (subject to privacy considerations, and with consumer approval). For this platform to be most useful,

consideration should be given to making the upload of data automatic, to enable consumers to access real-time data. An alternative may be the development of standards for collection of and access to data.

Additional comments

Resourcing of agencies responsible for collecting and publishing data under any new framework is vitally important to the success of the system.

As was referenced above, in principle the Property Council would support cost recovery mechanisms in certain circumstances. However, we are also of the view that the Australian Bureau of Statistics should be provided appropriate resources on an ongoing basis to ensure it can maintain its existing operations, and also be able to provide additional value.

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 Report, 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
Chief of Policy and Housing