

Released: 17 June 2009



MEDIA RELEASE

Industry warns: council budgets could spike unemployment

As Queensland councils prepare to hand down their budgets, the housing industry has urged them to curb the devastating economic effects of increasing development charges.

The peak body representing the Queensland development industry, the Urban Development Institute of Australia (UDIA), today warned that infrastructure charging hikes could push the industry beyond feasibility and spell job losses in all regional centres.

UDIA Queensland President Warren Harris called on all Queensland local authorities to urgently review their intentions with infrastructure charges before bringing down their budgets for 2009/2010.

“It is very disappointing that the Queensland Government has not taken a lead to cap infrastructure charges as the increases that have been mooted up and down the Queensland coast will only escalate the current downturn in the development and property sectors,” Mr Harris said.

“All of the data that has been released to date shows that Queensland is suffering more than any other state with declining housing activity,” he said.

“This is due to three primary factors which are: land supply; wasted costs in the industry due to time delays; and the impact of infrastructure charges.

“With many of these charges being increased by \$10,000 to \$15,000 overnight, home ownership is being placed further out of reach, particularly for younger people,” he said.

Mr Harris said the health of the housing industry was essential to the economic wellbeing of Queensland’s regional centres.

“With home building approvals dropping 50 per cent in recent months, there is a massive gap in activity to be overcome.

“For the Queensland economy to recover satisfactorily it is essential that workers are retained in the housing and construction industry by getting projects out on the ground as soon as possible,” he said.

Releasing an independent report by THG, Mr Harris said that there had been a radical drop in construction finance which far outweighed the drop in total commercial finance in the last 12 months.

“Finance approvals are down at almost the levels of the year 2000 when the GST was introduced,” he said.

“This report clearly shows that the inability of developers and builders to access finance is having a dire impact on the property industry and the broader community.

“Based on current trends, the THG report also indicates that there will be at least 33,000 additional unemployed in Queensland’s development sector in the next 12 months.

“The report also cites research into the economic impact of the development industry showing that every million dollars’ worth of property development directly generates \$44,700 in direct and indirect taxes and the flow-on effects generate \$95,100 in direct and indirect taxes. “

Mr Harris called on all Queensland councils to view increases in infrastructure charges as a direct threat to employment in their regions.

“Decisions to increase these charges will be decisions to terminate the jobs of many workers in every local authority,” he said.

“UDIA recognises the pressures on local authority budgets to provide long term infrastructure, particularly in light of decreasing support from the Queensland Government.

“However, it is a false economy to impose these charges now when they will result in significantly decreased economic activity and, therefore revenue for local authorities, into the future,” he said.

The UDIA has proposed that Queensland councils adopt a grace period for the payment of infrastructure charges such as is currently being offered in New South Wales.

“A solution that could be implemented immediately with almost no adverse effect is to change the system for the timing of payments for infrastructure charges,” Mr Harris said.

“This will address to some degree the problem with availability of finance by allowing developers to pay for infrastructures charges at the time of settlement of residential lots and units,” he said.

“This is an approach that has been followed in New South Wales and is also being followed in central Otago in New Zealand.

“Although local authorities will forgo the interest on those charges over a period of time, perhaps one or two years,” he said, “this is a minimal cost compared to the significant benefits that will be achieved by the industry.”

“I call on the mayors and councillors throughout Queensland to do everything they can by cutting back on infrastructure charges, phasing in their introduction and, at the very least, deferring time for payment of these charges until the property is sold by the developer,” he concluded.

Ends.

Media:

Please contact Susan McCosker on 0422 567 667 for more information, interviews, etc.