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MEDIA RELEASE

UDIA budget wish list to cost nothing, recover billions

The Urban Development Institute of Australia (UDIA) has revealed its State Budget Wish List calling for budget concessions which would recover, rather than drain state funds.

In a somewhat different approach to budget time, the peak Queensland development body outlined measures which could recoup \$1.5 billion while ensuring the survival of the industry and broader state economy.

UDIA Queensland President Warren Harris said the recent significant downturn in the housing construction industry in Queensland will have caused profound losses to the Queensland government in the fiscal year 2008/2009.

“It is no secret that activity has dropped in the residential sector with Queensland’s housing approvals ratings continuing to hover at around 55 per cent of underlying demand,” Mr Harris said.

“The Queensland budget will no doubt disclose a profound drop in revenue to the state government from a significantly underperforming housing market,” he said.

“The loss from the new home sector would be at least \$1.5 billion, which would be even larger when added to the loss of transfer fees resulting from a general market reluctant to move dwellings due to economic uncertainty.

“The UDIA is proposing an approach which could effectively return industry activity to previous levels, recover funds lost to the downturn and generate even more,” he said.

Mr Harris said Queensland’s housing market and economy would benefit enormously from initiatives currently being employed by the NSW and Victorian Governments.

“Unless the state government does all within its power to stimulate the housing and development sector in Queensland (similarly to what has occurred in Victoria and New South Wales), the effects on Queensland will be felt for at least the next decade,” he said.

“For example, Victoria has headworks charges of \$7000 per lot and NSW is reducing theirs to \$20,000 per lot and both states have introduced supplementary grants for first home buyers that are to be continued after the federal grant ends.

“In comparison, Queensland charges for headworks range from \$15,000 to over \$50,000 per lot and will soon be increased.

“A fully functioning housing market similar to what Victoria has maintained would enable the Queensland Government to meet the costs of headworks charges completely as well as adding billions to the state’s coffers.

“The industry is not suggesting that this happen immediately but the imposition of a cap of \$20,000 for attached housing and \$15,000 for units would not be unreasonable,” he said.

A review of infrastructure taxes and charges on development as well as payroll and land tax should be conducted urgently by the Queensland Government, according to the UDIA.

“The first step that should be taken is the reduction of excessive infrastructure charges and the removal of the increases which are mooted for introduction from 1st July throughout the state,” Mr Harris said.

“Land tax and payroll tax should also be significantly reduced as they each provide a disincentive for small business operations and large business alike in the property industry.

“In summary the industry believes that the Queensland Government’s State Budget should, in addition to other strategies:

1. Introduce a scheme for the capping of infrastructure charges for at least the next four years and compensate local authorities for any loss of revenue out of increased taxes and charges that are gained from increased residential activity;
2. Explore the advantages of a new home owners grant in Queensland for first home owners similar to New South Wales and Victoria; and
3. Review land tax and payroll tax and other non efficient taxes that have an adverse impact on the development of land within Queensland. “

Mr Harris said the UDIA Queensland Policy Platform calls on Government to address three key areas of Infrastructure Charges; Land Supply and Development Processes as follows:

<u>2009 UDIA QLD POLICY PLATFORM</u>
Infrastructure Charges
1. Deliver affordable state-wide infrastructure charges.
Land Supply
2. Stop placing artificial restrictions on land in the urban footprint.
3. Review Queensland land supply based on economic advice.
4. Fast-track development sites to provide more land immediately.
Development Processes
5. Facilitate development approvals, operational works and other development processes.
6. Bring forward performance monitoring of councils from late 2010 to late 2009.

Ends.

Media:

For more information, or to arrange interviews, please contact Susan McCosker on 0422 567 667.