



9 November 2020

Hon Cameron Dick MP
Treasurer
Queensland Government
PO Box 15009
City East QLD 4001

BY POST/EMAIL – treasurer@ministerial.qld.gov.au

Dear Treasurer

Re: Pre-state budget recommendations

Your Government's efforts to sustain and support the Queensland economy and the critical role our industry plays in it have been appreciated by the Queensland property development industry. As you are well aware, the Queensland property development industry is a powerhouse of jobs creation, employing one in 10 Queenslanders, being responsible for 207,677 direct jobs, or 10.2% of direct Queensland employment as well as a further 257,962 indirect jobs.¹

As we look ahead to what the coming four years will hold, the post COVID-19 economic recovery will no doubt remain a major effort for years to come. We are delighted to confirm that the property development industry as represented by the Urban Development Institute of Australia Queensland (the Institute) stands ready to play whatever role we can in this endeavour with the aim of keeping Queenslanders in homes and, critically, in their jobs.

To that end we would like to take this opportunity to provide five key recommendations for consideration in development of your upcoming budget. In brief these are:

1. **Boost:** maintain and boost the regional home building boost grant to \$10,000
2. **Reform:** introduce an immediate stamp duty holiday for new housing as a precursor to comprehensive property tax reform over the next four years
3. **Invest:** boost investment in the Catalyst Infrastructure Program/Building Acceleration Fund by \$500 million each year for the next four years
4. **Act:** deliver key initiatives to address land and housing supply shortages in South East Queensland
5. **Protect:** fund and provide ongoing support for a South East Queensland koala national park.

¹ Urbis, Economic Contribution of the Development Industry, 2018, Brisbane

The following provides more detail regarding each of these recommendations.

1. Boost: maintain and boost the regional home building grant to \$10,000

As mentioned, delivering housing is a jobs-rich activity. The development industry is an engine room of jobs creation, making it the third largest jobs creator in the state pumping \$14.2 billion into Queenslanders' wages and salaries annually. What's more these are not jobs clustered in Brisbane's CBD available to a select few. These jobs are created right across regional and metropolitan Queensland alike. They are jobs where people live, offering young people the chance of a good living without having to leave their hometown.

However, if we want those jobs, we need to support the industry to create them, particularly in areas of regional Queensland where building approvals are running below the ten-year average. In these areas, the Queensland Government should:

- continue and boost the State's regional home building grant to \$10,000
- fund councils to deliver infrastructure charges discounts for developments that will result in 10 or more permanent jobs.

2. Reform: introduce an immediate stamp duty holiday on new housing as a precursor to comprehensive property tax reform over the next four years

Stamp duty is a significant cost impost on homebuyers and its removal would enable the industry to continue operations, save jobs, and deliver much needed new housing. The Institute recommends the immediate removal of stamp duty for new housing until the end of 2021 as a means of improving the industry's sustainability, attracting returning ex-pat residents, encouraging intra-state migration\business relocation and allow businesses to save Queenslanders' jobs.

Looking further ahead, the Institute also recommends funding of a comprehensive review and harmonisation of the property tax system in concert with the Australian Government, other state governments, industry, and the community. Specifically, the Institute recommends detailed analysis of options for more efficient tax mechanisms that support and encourage development, entry to home ownership and the easier movement of people to homes that are suitable to them, including the permanent abolition of stamp duties on owner occupier residential property, or a long term transition away from stamp duties in favour of fair land taxes. Key initiatives worthy of detailed consideration include:

- Removal of stamp duty for new investment residential properties contracted in 2021 and all new principal places of residence contracted from 1 January 2021 onwards, without substituting for a broad land tax
- Make permanent the 2019/20 relief from the Land Tax Foreign Surcharge to encourage overseas buyers to invest in Australia and stimulate jobs and activity
- Change the land tax provisions to allow individuals, specifically with titles in their own name, to acquire one new investment property contracted in 2021 that is exempt from land tax for the period that they hold the property so as to drive the investment market to invest in Queensland which will help get developments out of the ground and save Queenslanders' jobs.

3. Invest: boost investment in the Building Acceleration Fund/Catalyst Infrastructure Program by \$500 million each year for the next four years

A proper investment in infrastructure makes cities and towns more productive at the same time as meeting community need. Further, well planned infrastructure delivery that pre-empt community and industry need offers the opportunity to make infrastructure spending efficient, reaping considerable savings for taxpayers. The current infrastructure backlog needs to be urgently addressed. Once done, the industry can get on with the job of investing in new homes, creating jobs, and contributing to government revenues. The Queensland Government should:

1. Dedicate \$500 million each year for four years to an upgraded Catalyst Infrastructure Program
2. Provide fast tracked funding for prioritisation of specific high need infrastructure which unlock housing potential in growth areas
3. Provide adequate catalyst funds for Priority Development Areas to boost activity in these areas.

4. Act: deliver key initiatives to address land and housing supply shortages in South East Queensland

With the cost of a home increasing faster than wages growth over many years, home ownership has moved beyond the reach of many. Facilitating the industry to bring more affordable types of homes to the market such as apartments and townhouses goes some way to address this problem, as does more efficient use of available land through smaller lot developments. However, much more is needed, and much more can be done, particularly for those groups of Queenslanders with the least choice in and control over their housing decisions. The Institute recommends funding be provided to:

- Establish an Affordability Taskforce or other suitable mechanism with specialist resources over and above current and future funding for the Growth Management Program to resolve looming land supply shortages. Specifically, the Affordability Taskforce should oversee the following functions:
 - take urgent action when supply falls below the 4-year lot approval benchmark by requesting a formal response and plan (including tangible actions) to address shortages from relevant local governments within 30 days of the release of the Land Supply and Development Monitoring Report
 - refuse planning scheme amendments that actively work against the goals of *ShapingSEQ* and delivery of housing choice
- Provide additional funding for resourcing to improve and expand the Priority Development Area (PDA) model and current growth areas approach
- Provide funding to rapidly prioritise the underutilised urban footprint work and provide tools for efficient housing delivery to ensure meaningful outputs emerge within 6-12 months, including necessary legislative changes
- Devise an effective funding mechanism to deliver regionally significant infrastructure and provide a fund (similar to Works for Queensland) to assist councils to deliver growth-area specific catalyst infrastructure (e.g. sewers, local roads) to support growth areas

- Fund the provision of map-based resources to clarify where and what growth is occurring and development application activity
- Fund a local planning innovation fund to assist councils to improve local government planning schemes to improve housing delivery in growth areas and increase housing choice
- Fund community education measures such as the launch of “Planning Facts” community resources and other map-based resources to ensure the SEQ community remains abreast of forecast population growth and what it will mean for their home, neighbourhood and suburbs
- Plan and fund social housing initiatives including subsequent build to rent and community housing partnership pilots to increase the stock of accommodation.

A complete analysis of the key issues relevant to South East Queensland land supply shortages and a comprehensive explanation of necessary solutions (including policy initiatives outside the scope of this pre-budget submission) is **attached**.

5. Protect: fund and provide ongoing support for a South East Queensland koala national park

In the face of significant population forecasts for South East Queensland, the needs of iconic species such as the koala must also be taken into account. The Institute recommends the purchase of lands for a new South East Queensland koala national park/s to both ensure the persistence of the species in a safe haven, as well as to give South East Queensland kids somewhere to see the animal in the wild, close to home, and for free.

In closing, we once again take the opportunity to commend the Queensland Government on its current response to the COVID-19 economic crisis and commend the above recommendations to you as a means of sustaining and furthering our state’s economic recovery. Further, we would be delighted to meet with you to provide additional detail on each of these recommendations and hear about your priorities for the Queensland economy over the coming four years.

Yours sincerely,

Urban Development Institute of Australia Queensland



Kirsty Chessher-Brown
Chief Executive Officer