

Pre-Budget Submission

May 2015



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Creating prosperity, jobs and strong communities across Queensland

A strong property industry is good for all Queenslanders.

The Government's central promise to voters at the 2015 State election was to create jobs and foster a stronger Queensland economy.

The fiscal challenges confronting the Queensland Government mean that this promise will only be achieved by unlocking greater levels of private sector activity.

The property industry - the state's largest private sector employer and biggest contributor to State tax revenue - stands ready to work with the Government to achieve this.

The property industry is a jobs generator. From apprentices to architects, our industry employs the lot.

But that is not all. Greater activity in the property industry not only means more jobs, it also translates into more stamp duty and other tax revenue for the Government.

Unlike the volatility of other sectors, the property industry can provide the Government stronger and more consistent economic returns.

Achieving this will require action in a number of key areas in the Government's first budget.

This pre-budget submission presents the Property Council's plan to create prosperity, jobs and strong communities right across Queensland. Our action plan comprises the following four key action areas:

- 1. Fairer, simpler taxes**
- 2. Reforming the planning system**
- 3. Facilitating public sector investment**
- 4. Enabling private sector investment**

1. Fairer, simpler taxes

Property-related taxes, fees and charges affect everyone.

The property industry in Queensland contributes almost one third of taxation revenue to the State. In the past, property owners have been targeted by the State Government as an 'easy' source of revenue. We saw this with the 'temporary' land tax surcharge that was introduced in 2008. This 'temporary' measure is now in its seventh year.

As a result, the Property Council strongly endorses the Government's commitment to no new or increased taxes, fees or charges.

However, this commitment to stability in the short- to medium-term must be matched by a commitment to long-term reform.

We must start to move towards a fairer, simpler taxation system that ensures property can continue to deliver economic value and create jobs.

Queensland must establish itself as an active participant in the national tax reform debate and engage business and the community in advocating for an efficient, modernised taxation system in Australia.

The below list of actions are aimed at building on the Government's commitment to stability in the short-term, and positing Queensland for future growth and prosperity.

Action	Cost	Return	Alignment with Queensland Labor policies
Maintain commitment to no new or increased taxes, fees or charges and provide transparency on existing taxes.	Low	High	2.6 A tax system that is fair, straight forward and sustainable... makes Queensland a more commercially attractive and competitive place to do business.
Retain the <i>Great Start Grant</i>	Low	High	7.37 Labor will support moves to target first home owners with assistance, tax relief mechanisms and similar grants towards low income households.
Establish a tax reform advisory council	Neutral	High	2.5 We believe Queensland should play a greater role in national economic debate and policy development.
Introduce a guideline for local government rating	Low	High	7.139 Labor will require the Queensland Competition Authority to ensure that councils and related utilities... <ul style="list-style-type: none"> • limit increases in rates and charges to the CPI unless exceptional circumstances exist... • institute fair pricing principles that ensure ratepayers and consumers are levied rates and charges based on cost recovery plus a fair and reasonable margin to cover future growth

Maintain commitment to no new or increased taxes, fees or charges and provide transparency on existing taxes

There has been an increasing reliance on the property industry to fund Government activities. Traditional taxes, such as stamp duty and land tax, are being added to through new charges, such as environmental offsets and infrastructure charges. Through a commitment to no new or increased taxes, the Government will provide greater confidence and certainty to the property industry to invest in Queensland.

The Property Council applauds the Government's swift response to the new taxes imposed in the Victorian Government's budget, by immediately ruling out further charges for foreign investors in property in Queensland. Sovereign risk is an emerging issue in Australia, and this announcement sent a strong message to the property industry that Queensland values the jobs and new housing created through foreign investment.

Of concern to the industry, however, is the lack of consistency in the fees and charges levied on the property industry. Industry requires certainty and clarity in regards to the setting of these charges, and encourages the Government to publicly release the existing *Principles for fees and charges guideline* administered by Queensland Treasury.

Retain the Great Start Grant

The *Great Start Grant*, and its predecessor the *Building Boost*, not only support the construction of new housing, they also assist first home buyers to get a foot in the market. The residential sector has finally returned to average housing starts, however much more still needs to be done in order to meet underlying demand. Altering this grant has the potential to impact on jobs generation, housing supply and the purchasing decisions of homebuyers in Queensland.

Establish a tax reform advisory council

During the election campaign, Queensland Labor responded positively to the Property Council's request for the establishment of a tax reform advisory council, to ensure that changes to the tax system taking place nationally deliver a fair result for Queensland. As noted in the Federal Government's *Re:think Tax discussion paper*, 'To deliver lasting, workable reforms, the community needs to be on board and engaged in the conversation.' As a low cost, high impact initiative, the Property Council is keen to see an advisory council established in the very near future.

Introduce a guideline for local government rating

During the election campaign, the Property Council raised the importance of providing statutory guidance to local governments on setting minimum and differential rates. While not seeking to take away the autonomy of local governments in setting their own rating categories, a mandatory guideline and ministerial oversight would ensure that taxes imposed on any party are required to be reasonable and justifiable, with predictable variations year-on-year.

2. Reforming the planning system

Strong communities don't just happen. They are the result of people with a vision for the future, who are willing to invest capital to make things happen.

Too often though, new areas take years to come to market because of endless red tape and slow decision making.

We need to plan for growth to ensure we have enough land for our houses, shops, schools, hospitals and places of work, as well as the right infrastructure to ensure we can get around.

Poor planning is a drag on the economy and it can drive up costs and prevent Queenslanders from being able to buy the type of house they want, in the location they want to live.

Good planning on the other hand can lower the cost of living as well as providing economic and lifestyle benefits for generations to come.

Increased housing costs are a direct reflection of the undersupply of housing in Australia. The best way to create more housing and lower the average cost, is to make it easier to deliver housing to the market.

To achieve this, Queensland's planning system needs reform. The Property Council has identified the following priority actions to create a better planning system for all Queenslanders.

Action	Cost	Return	Alignment with Queensland Labor policies
Maintain positive planning and development assessment initiatives	Neutral	High	7.165 Labor will implement administrative arrangements that ensure the Department of Infrastructure and Planning is the principal planning agency of government.
Re-establish the planning reform reference group	Neutral	High	"I am pleased to advise that the government is committed to continuing planning reform in consultation with stakeholders and the community." Jackie Trad 9 March 2015
Review then re-introduce the planning bill	Neutral	High	7.174 Labor will review the Planning Act to further embed the best practice model developed by the Development Assessment Forum
Allocate funding for local government implementation of planning reform	Moderate	High	7.143 Labor will assist Local Governments in resourcing activities related to the responsibilities that the State Government has delegated to Local Governments
Undertake a review of the SEQRP	Low	High	7.157 Labor will deliver for each region of Queensland new statutory regional plans that effectively integrate land-use planning and infrastructure planning.

Maintain positive planning and development assessment initiatives

Recent initiatives such as the State Assessment and Referral Agency (SARA) and the single State Planning Policy (SPP) have delivered a level of certainty and consistency in planning in Queensland that has not been seen before. Maintaining these low cost initiatives and the primacy of the planning department will allow the property industry to continue to grow with confidence.

Re-establish the planning reform reference group

The reference group established to provide feedback on planning reform involved stakeholders from a large number of interest groups affected by the planning system. The Government has committed to continuing planning reform, and this is a low cost initiative that will assist in delivering outcomes that benefit all stakeholders.

Review then re-introduce the planning bill

Due to ongoing engagement throughout the development of the *Planning and Development Bill*, there is broad support amongst stakeholders for its reintroduction. It is acknowledged that the Government will want to review the Bill, and the Property Council is keen to provide further feedback. Progressing the Bill will provide confidence for the industry, and allow local governments to 'get on' with their own planning work.

Allocate funding for local government implementation of planning reform

With many local governments investing heavily in developing *Sustainable Planning Act* compliant schemes, many will not have the physical and monetary resources required to implement the new legislation. Most of the issues being faced could be solved through additional funding and support from the Government.

Undertake a review of the SEQRP

The *South East Queensland Regional Plan* (SEQRP) was last reviewed in 2008/9. As the guiding document for development in Queensland, it is essential that the review of the SEQRP begins as early as possible, resolves a range of environmental matters, expands the urban footprint, and aligns with the Government's plans for infrastructure.

3. Facilitating public sector investment

Infrastructure, such as roads, rail, schools and parks, is central to the delivery of prosperity, jobs and strong communities.

Queensland has been without an infrastructure plan for three years.

There is now a backlog of infrastructure and no clear funding strategy for the delivery of the new infrastructure our state needs in order to cater for its growing population.

To address this situation, the Government will need to look at new ways of paying for infrastructure.

There is no 'magic pudding' of Government infrastructure funding, however there are many existing funding models which could be modified to suit Queensland conditions.

From partnering with the private sector, to partnering with other levels of government, there are lots of opportunities to ensure Queenslanders benefit from the right infrastructure being delivered in the right place, at the right cost.

Below is a list of actions identified by the Property Council as necessary to ensure Queensland is able to address the current and future shortfall of infrastructure.

Action	Cost	Return	Alignment with Queensland Labor policies
Establish Building Queensland	Moderate	High	2.27 Labor delivers state-building infrastructure for the next generation, also delivering hundreds and thousands of jobs in the process.
Deliver a state-wide infrastructure plan	Moderate	High	7.151 Labor will reinstate the nexus between land-use planning and infrastructure planning so that infrastructure and essential services are in place as communities grow.
Public Private Partnerships	Low	High	2.12 Labor believes a targeted and focused approach to directing public resources toward growing the economy is essential to the long-term future of the state.
Undertake a pilot 'City Deals' project in SEQ	Moderate	High	2.41 Labor will deliver additional infrastructure for Queensland. Labor will explore additional sources for the funding of infrastructure...

Establish Building Queensland

As identified during the election campaign, the establishment of Building Queensland will depoliticise the prioritisation of infrastructure in Queensland. The Property Council is keen to ensure that BQ looks beyond cost-benefit analysis in prioritising infrastructure, and extends its view to infrastructure as an 'investment', looking at the broader economic returns the Government receives from delivering the right infrastructure in the right place. The private sector is well placed to assist in articulating the economic returns on investment, and it will be vital to include them in BQ's discussions.

Deliver a state-wide infrastructure plan

Queensland has not had an infrastructure plan for 3 years. It is imperative that the Government maintains its commitment to release the plan within 12 months, to give certainty to stakeholders, and the broader community. Any plan for infrastructure must also be linked to land use plans, such as the *South East Queensland Regional Plan*.

Public Private Partnerships

With little in the way of public funding available for infrastructure, now, more than ever, the Government will need to involve the private sector in its delivery. New sources and methods of funding will need to be examined in order to fill the backlog of infrastructure in our state. Involving the private sector in early discussions will be critical in determining the most appropriate or beneficial funding methodologies available.

Undertake a pilot ‘City Deals’ project in South East Queensland

The Property Council- in conjunction with the government’s planning department and Council of Mayors- has undertaken preliminary work on the viability of the ‘UK City Deals’ model of infrastructure funding for South East Queensland. The UK example demonstrates that investing in infrastructure that delivers the greatest economic returns, and then reinvesting those returns, is the most sustainable funding model. Through a higher level of government facilitating local government investment in infrastructure- and providing the direct returns of that investment back to them- the right infrastructure will consistently be delivered in the right place. Working with the Council of Mayors, a pilot project in South East Queensland could be undertaken to examine how the model would operate in a Queensland context.

4. Enabling private sector investment

The Government can't do it alone. Helping the private sector get on with the job is the only way to grow employment in Queensland.

From integrated resorts to residential communities, there are billions of dollars of investment ready to flow into Queensland's economy.

Enabling the private sector to deliver these projects will mean more jobs, tax revenue, tourism assets, and general economic activity in our state.

It will be important to ensure that along with providing much needed jobs, these projects are sustainable and provide benefits for our communities in the long-term.

However, investors also need an avenue through which to approach the Government with new and innovative proposals that might sit outside the parameters of a local government planning scheme.

To enable greater investment in our state, the Property Council has listed three priorities for immediate action by the Government.

Action	Cost	Return	Alignment with Queensland Labor policies
Fast track approvals already in the system	Low	High	2.22 We support a combination of public and private efforts to grow the economy...
Establish formal and informal avenues of engagement	Low	Neutral	"I am determined that a future Labor government will be based on consensus and consultation..." Hon Anastacia Palaszczuk, 1 December, 2014
Agree to a framework for unsolicited proposals	Low	High	7.167 Labor will make strategic government land available for transit-oriented development...

Fast track approvals already in the system

Billions of dollars of private sector investment has been set aside for major projects in Queensland. Many proponents have spent a lot of time and money developing proposals that will deliver huge economic and social returns for Queensland. However, unless proponents receive certainty about their projects, there is a very real risk that Queensland will lose that mooted investment.

Establish formal and informal avenues of engagement

Engagement between public and private sectors is critical in the delivery of projects that will achieve the best social and economic benefits for the community. Low cost initiatives, such as identifying an industry 'go-to' person and establishing regular property industry roundtable sessions, will allow public and private sector stakeholders to build shared understanding on key issues, and ensure informed decision making.

Agree to a framework for unsolicited proposals

In recent times, governments have actively sought to achieve the highest and best use of their assets. Government Land and Asset Management (GLAM) and Government Land for Accommodation and Support Services (GLASS) are examples of how when partnering with the private sector, Government assets can be repurposed to deliver social and economic benefits for the community. The Government does not always have the answer on what the best use for an asset may be, so it is important that proponents are able to approach the Government with unsolicited suggestions that will assist in the delivery of key policy objectives. Developing an unsolicited proposals framework would cost the Government little, however it would potentially identify projects with greater economic and social benefits.

Who are we?

The Property Council of Australia is a national, not-for-profit organisation established to promote the work of the property industry in delivering prosperity, jobs and strong communities to all Australians. We advocate for the right government policies to ensure our \$670 billion industry can continue to contribute to the growth of our economy.

Australia's major investors, property owners and developers- as well as the industry's professional service and trade providers- are amongst our members. In Queensland, we represent over 350 member companies across the residential, commercial, retail, retirement living and industrial sectors, and communicate with over 7,000 property professionals every week.

Our members are involved in all aspects of the property industry, which means all Queenslanders are touched by their activities.

Not only do our members own, develop and build great communities, retirement villages, offices, shops and warehouses, they also provide funding for property projects, and help to manage, sell or lease them.

Many of our members operate both in Australia, and overseas.

The Property Council's Queensland Division Council (advisory board) is led by Queensland President, Kingsley Andrew- Stockland, and Queensland Vice Presidents, Bruce Harper- Investa Land, and Laurence Lancini- Lancini Property and Development.

The activities of the Queensland Division are overseen by the Property Council's Queensland Executive Director, Chris Mountford.

Contact

Chris Mountford | Queensland Executive Director | Property Council of Australia

Level 6, 300 Queen Street, Brisbane QLD 4000

P +61 7 3225 3000 | M +61 408 469 734

E cmountford@propertycouncil.com.au

W propertycouncil.com.au



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of Australia