

Andrew Barr MLA  
ACT Chief Minister & Treasurer  
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CC: ACT Treasury

28 June 2021

### **Property Council of Australia (ACT Division) 2021-2022 ACT Budget submission**

Dear Chief Minister

On behalf of the members of the ACT Division of the Property Council of Australia, I write to provide our response to the ACT Budget consultation process and following on from our meeting with ACT Treasury Officials on 1 June 2021.

As articulated in our ACT Legislative Assembly election platform, [\*Recovery, Growth and Transformation: the Five Keys to Unlocking the Nation's Capital\*](#),

The solutions needed to recover from the impacts of the COVID 19 pandemic include:

- **Immediate stimulus needed to lead and provide sustainable response to the recovery**
- **Greater diversity of housing supply, through both Government and Industry delivery**
- **Strategic Planning for a Medium-term plan for growth and a long term strategy for transformation**

As such, our submission covers three key themes as follows.

#### **Housing and Land Supply Pressures**

The policy challenges associated with delivering more affordable, sustainable and diverse housing to meet the needs of our ageing and growing population are vast. There is an urgent need to come up with alternative solutions to meet Canberra's housing challenges as we face a housing supply crisis.

Whilst this is a pattern that is happening nationally, the ACT is greatly affected. We have had one of the highest growth periods in the nation on housing values and similarly, we are also faced with the highest residential rents and lowest vacancies.

It's also why we have been advocating for the right tax and planning settings to enable Build to Rent to become a viable asset class in Canberra.

We are also experiencing severe shortages of material and labour supply across the sector. We asked the government to be more flexible and reasonable in accessing stimulus incentives as this is critical to our economic recovery.

#### **Need for an Infrastructure Program which Provides Certainty**

We need to have a clearly outlined pipeline of infrastructure work to provide people with ongoing certainty of work and make it more attractive to relocate to Canberra. We acknowledge the effort the ACT Government has gone to, to bring forward infrastructure projects over the last 12 months.

We are supportive of the framework that is set out in the 10-year Infrastructure Plan but we ask whether industry can be more engaged on what the priority order of infrastructure projects are to help this pipeline of work.

We also want to emphasise the importance of the ACT Government continuing to engage with industry on how to ensure local contractors are given the opportunities to bid for work and remove barriers, how we might see critical projects fast tracked and pressed the need to push for a City Deal for the Canberra Region.

#### **Return to the Office as Key to Our Economic Recovery.**

Office Occupancy is still at low levels in Canberra (stagnated at 72 percent of pre Covid levels), this despite our low level of COVID transmission rate. Barriers to getting to the office by public transport and the health concerns about utilising it are less here than other cities and our residents rely less on it to get to the office.

We ask for the government to join us in encouraging the private and public sector to get back to business as usual in a safe manner.

We look forward to further engagement with you on these matters.

Yours sincerely



Adina Cirson  
**ACT Executive Director**

## About the Property Council of Australia

The ACT Property sector is the second biggest industry in Canberra – behind the public and health services – employing 1 in 6 Canberrans – driving economic growth and renewal across our city. Our sector is critical to the diversity of the economy and contributes more than 60% of all government revenue which funds our schools, hospitals, municipal, community and government services. Our contribution to city renewal at a time of transformation and growth is immense.

### CREATING JOBS - PROPERTY IS AUSTRALIAN CAPITAL TERRITORY'S FIFTH LARGEST EMPLOYER

**20,700 JOBS**  
PROPERTY INDUSTRY



**4,000 JOBS**  
MANUFACTURING



**400 JOBS**  
AGRICULTURE

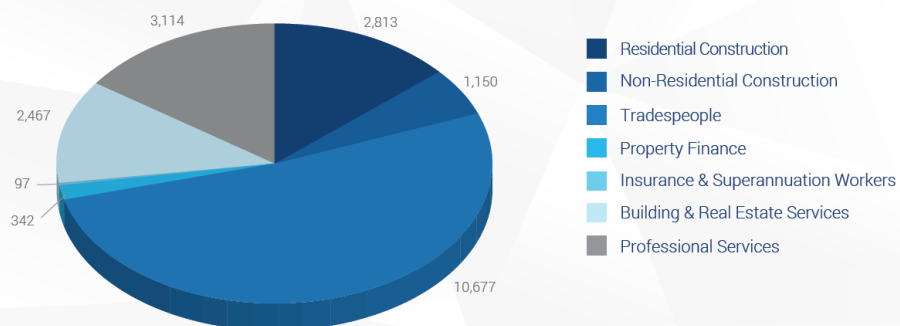


**100 JOBS**  
MINING



The property industry employs more people than agriculture, mining and manufacturing combined.

### JOBS IN YOUR TERRITORY



**BUILDING PROSPERITY BY DIRECTLY PAYING \$2.0 BILLION IN WAGES AND SALARIES**

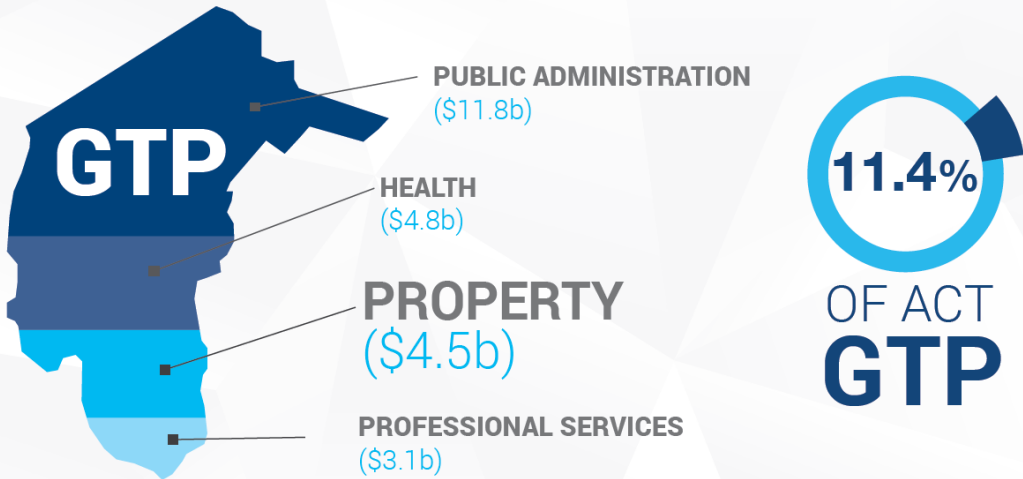
**NEARLY 1 IN 6 PEOPLE**  
DERIVE THEIR WAGE FROM THE PROPERTY INDUSTRY  
DIRECTLY AND INDIRECTLY



Our members drive development and renewal across the city – from townhouses to mixed use developments, multi-residential sites and commercial and retail projects – to whole estates and suburbs and precincts from the local shops to the high-rise developments in our town centres.

They are a part of the Canberra Community and include property developers, financiers, architects, property law specialists, retirement living operators, town planners, heritage consultants, universities, government agencies at both the Federal and Territory level and local utilities.

## AUSTRALIAN CAPITAL TERRITORY'S THIRD BIGGEST INDUSTRY DIRECTLY ACCOUNTING FOR 11.4% OF THE TERRITORY'S ECONOMIC ACTIVITY



## \$1.4 BILLION IN TAXES

TO TERRITORY AND LOCAL GOVERNMENTS IN AUSTRALIAN CAPITAL TERRITORY PROPERTY IS THE LARGEST SINGLE INDUSTRY CONTRIBUTOR PAYING 62.5% OF TOTAL TERRITORY AND LOCAL GOVERNMENT TAXES AND RATES



Source: AEC Group Economic Significance of the Property Industry to the Australian Economy report 2020

We represent around than 3000 professionals in the Property, Building and Construction Sector, and through our 7 Policy Committees contribute substantially through their engagement and collective expertise to key policy development process of the ACT Government through feedback, submissions and advocacy.

Our key advocacy priorities as outlined below demonstrate our commitment to good policy for Canberra and our willingness to work with government, business and the community to achieve outcomes for our city.

## Our ACT priorities in 2021

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We will champion the policy priorities of members and challenge the government to undertake bold reform, through these Five Keys to Unlocking the Nation's Capital as we recover, grow and transform.



### **Build on our strengths to get the population we need to secure our future**

- Make Canberra the lifestyle destination of choice
- Create a diverse and inclusive community to enrich, and enliven our city



### **A tax system which makes Canberra the best place for investment and business**

- Rates, taxes, charges which are fair and efficient and support growth
- Use policy levers to enable, not stifle growth



### **Create the homes Canberrans need to thrive**

- Boosting the supply of housing, now and for the future
- Housing choice and affordability where it is needed



### **Infrastructure which unlocks opportunity and drives growth**

- Projects that set us apart
- Unlocking land which delivers for our community



### **Urban renewal the delivers for business, community and our city**

- Planning that delivers outcomes for people
- Creating places and spaces that make our city great

## Our current policy challenges

### Recovery from COVID-19

As articulated in our 2020 ACT Election Platform, *Recovery, Growth and Transformation: the Five Keys to Unlocking the Nation's Capital*,<sup>1</sup> we continue to face some of the greatest economic and social challenges ever seen. COVID-19 has tested everyone's resilience and we know we need population growth, investment and making sure we have the right people for the right jobs if we are going to recover, grow and continue to transform in a post COVID era. But we know that there are other challenges and opportunities associated with that as well.

### Housing & Land Supply Pressures

The policy challenges associated with delivering more affordable, sustainable and diverse housing to meet the needs of our ageing and growing population are vast. The ACT Budget and Government Policy has the ability to positively contribute to the challenge. We need to remain focused on building a more resilient community and a city which meets our community's current and future needs as we transform and grow.

The ACT is currently facing a housing supply crisis. Whilst a pattern that is happening Nationally, the ACT is greatly affected. We have had one of the highest growth periods in the Nation on housing values and similarly, we are also faced with highest residential rents and lowest vacancy.

The ACT Government is committed to increasing supply of affordable and social housing, however access to housing is affecting many Canberrans who are not being able to find suitable accommodation, even on a standard professional range. This impact detracts from our appeal as a destination for work or study.

We need an equitable, diverse and sustainable supply of housing to drive long term growth and deliver the residential housing required to meet population growth and demographic changes in our city.

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<sup>1</sup> <https://advocacy.propertycouncil.com.au/act-election-2020>

Canberra's population is growing by approximately 8,000 per year as more people choose to live here. With this growth, 100,000 new homes will need to be built in the next 25 years and most of these will be in existing urban areas.<sup>2</sup>

As stated in the ACT Government's 2018 *Housing Choices* Discussion Paper, Canberra's population is also ageing. According to the latest ACT population projections, it is estimated that the number of seniors (65+) will increase from 53,000 in 2018 to 95,000 by 2041<sup>3</sup>. If this trend continues, the number of seniors will more than double in the next 30 years, reaching 120,000 by 2050.

This indicates a pressing need to consider and plan for our growing and ageing population and ensure our housing supply – both for purchase and for rent, meets these projections.

As we pointed out in our submission in response to the *Discussion Paper*, and our response to the EOI for Demonstration Housing which ensued, the Property Council communicated to the government on the key planning changes necessary to create the right conditions for development.

Property Council members an intimate and practical knowledge about what policy levers and projects are needed to deliver on these shared priorities both for our economy and our growing and ageing population. Developments that increase density, provide greater housing choice, and deliver better community outcomes in our new and established suburbs are the outcomes that need to be achieved.

We also note that the recovery from the COVID-19 pandemic is far from over, with the implications likely to be long set. This necessitates the progression of projects that deliver these outcomes for our community, and also stimulates the building and construction sector to help save and create jobs for our city.

Our housing typology needs to reflect and meet the future needs of our city with a clearer understanding of the type of housing and where it will be needed for current and future residents and our changing demography.

There also needs to be a strategic plan for more rental housing. We have the highest residential rents and lowest vacancy which impacts housing affordability and choice and detracts from our appeal as a destination for work or study. We strongly support the move to establish Build to Rent (BTR) in Canberra – acknowledging that it is a purpose built, institutionally owned and professionally managed private rental accommodation, specifically designed for leasing to tenants and providing long-term tenure and lower risk for investors.

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<sup>2</sup> <https://www.planning.act.gov.au/planning-our-city/planning-projects/planning-review>

<sup>3</sup> ACT Treasury, 2018, <https://apps.treasury.act.gov.au/demography/projections/act>

BTR provides more choice for those in our community who are unable or unwilling to buy their own homes, letting them live closer to jobs and the services they need.

NSW and Victoria have both moved to incentivise BTR to deliver a mix of social, affordable and private rental housing, through fast tracking development assessment, land tax reduction and land supply.

With the right settings and incentives, the ACT Government has the opportunity to aid in the delivery of BTR to the Canberra community. If this new asset class can be a viable option, it will provide people who rent with secure housing options. As such we would like to see such settings announced in the August Budget.

## What is needed?

There is an urgent need to come up with alternative solutions to meet the Canberra housing challenges to deliver Affordable Housing and increase Housing supply and diversity. We preface the following solutions by also noting that the market is also facing significant delays in materials and facing labour supply shortages, which is also affecting the rate of supply. As such, we urge the government to consider the following initiatives to help stimulate the market and incentivise delivery of solutions by the private sector.

The Property Council believes in forming the ACT Budget, the government should consider the following:

### **1. Flexibility and Responsiveness to COVID Stimulus.**

There is an overarching need for the government to be more flexible and reasonable in accessing the stimulus incentives. Unreasonable administration and deadlines. there is a need to acknowledge that the whole building and construction sector is experiencing longer more complex construction delivery – and despite the best efforts of industry – those targets to access government stimulus are difficult to meet. For example, there was immense pressure on our members to hit the March deadline for ‘commence construction’ to access the 50 percent remission on LVC and access was limited as a result.

We need some understanding from the government that these stimulus measures are critical to recovery – but deadlines are at times unrealistic – and if a genuine attempt can be demonstrated to achieve deadlines that should be taken into consideration.

### **2. Development Application (DA) Processes Timeframes and Fast Tracked Projects**



We need more resourcing for EPSDD to improve DA pathways and Processing times. The ACT Government demonstrated in the initial COVID response the ability to provide additional resources to assist in clearing backlog. We need to ensure that the emphasis remains on providing that resourcing to ensure that DA timeframes for complex DA's are met within the appropriate statutory times frames.

The Government also needs to reconsider the fast tracking of shovel ready projects, or at least identify a pathway for this.

The National Capital Design Review Panel (NCDRP) presents a viable an option that would allay community concern about fast tracking job creating, housing supply projects? Can this be explored? We also believe for NCDRP to be truly effective, it needs more resourcing to extend beyond a part time role for the ACT Government Architect and a staffing model to support the office Furthermore – it is important to the confidence of the sector in the process that EPSDD assessing officers able to approve things that don't 'tick the box' with the backing of a recommendation from the NCDRP.

### **3. Streamlining of approval processes**

more efficient approvals processes get homes and workspaces to the community faster. Reducing time through these processes also keeps costs down that arise from lengthy delays, improving affordability and ensuring supply is quick to the market. There needs to be an acknowledgment that business as usual in assessing and approving developments is not enough at a time when it is costing us more to deliver the same – material and labor costs have increased 5-10 fold.

### **4. Land Release Program**

We understand through our conversations with the Suburban Land Agency, that demand for blocks is depleting supply and inevitably impacts negatively on housing affordability. Resources should be directed to getting land ready for release. There should also be consideration of alternative ways to accelerate and increase supply through land release and ask that consideration be given to reinstating the "Third/ Third/ Third approach. That is, investigating more joint venture developments with the private sector and Englobo land releases. This decreases the upfront capital resources required from the ACT Government to enable this land to be released.

## **5. Urban Infill Targets**

The ACT Government has long held a policy to support an increase to urban infill supply. Whilst a significant percentage has been facilitated by ACT Government release (e.g Northbourne Precinct), there is still a need for meaningful urban renewable and diversity in housing choices within these areas. Consideration of LVC remission to stimulate good development, priority DA and consideration to rules around requirements to consolidate blocks for development should be seriously considered. This will assist in achieving the ambitious 70 percent infill targets, provides opportunity for a shorter term solution to increasing housing supply.

## **6. Housing Diversity**

Canberra needs different housing typologies – and product that meets the ‘missing middle’. Addressing this shortage in the market is not just about providing financial incentives, but also getting the policy settings right to remove the barriers to supply– including planning constraints in residential zones, lengthy delays because of ACAT appeals, and lack of community zoned land for retirement living are all inhibiting the ability of the market to deliver – and these need to be key considerations in the planning review and subsequent reforms.

## **7. Accessible housing**

Whilst we are supportive of recent commitments by the Building Ministers Forum – it needs to be understood that this is going to also add cost to new housing at a time when our median house price has seen the fastest growth of any jurisdiction and now sits at \$900,000 with more than a dozen suburbs exceeding \$1million. We ask that we are engaged in the implementation and timelines to transition to ensure that we don’t add further pressure.

## **8. Built to Rent**

We welcome and champion the commitment to Build to Rent – but we need the tax and planning settings to be right to attract investment in Canberra. Other states have given a 50% land tax discount. In Queensland, the government has committed to a 25 percent contribution to rents – so that investors in BTR can deliver below market rent. We also need a shared definition of what BTR is – and what buy in the government will have to make it a sustainable asset class in Canberra. We are engaging with the government on key drivers to

investment in BTR and will continue to do so through appropriate channels.

#### **9. Seniors Housing and Retirement Living**

There a need to for Retirement Living land (community zoned) in inner north and inner south to meet the high demand in these parts of Canberra and ensuring that people can remain in their communities. A significant challenge to this is seniors housing and competition within the residential and commercial sector. Consideration of concessions to incentivise its development – freeing up larger housing stock to the market. People want to ‘rightsize’ in their existing communities but there is a huge shortfall of supply where it is in demand.

#### **10. Attraction and Retention of Skilled Labour**

We need a plan to steadily grow our population and attract people with the right skills. In current context of housing supply pressure – can we consider ‘key workers’ to be those involved in building and construction – including the professionals services who service the industry? Defining them as ‘key workers’ provides the definitional point to enable relevant housing policy solutions to not only be actioned, but justified.

We support the implementation of its *Jobs & Economic Recovery Plan* and the measures outlined by Government. As pointed out by the Canberra Business Chamber in their submission – a key part of this plan is to create and protect more than 250,000 local jobs by 2025. Much of this growth will be within the building and construction sector and we are keen to work closely with the government to identify ways to reach these targets.

## Need for an Infrastructure program which provides certainty

### 1. Infrastructure Task Force

We need to have a clearly outlined pipeline of infrastructure work to provide people with ongoing certainty of work and make it more attractive to relocate to Canberra. We acknowledge the effort the ACT Government has gone to bring forward infrastructure projects over last 12 months.

We are supportive of the framework that is set out in the 10-year Infrastructure Plan but we ask whether industry can be more engaged on what the priority order of infrastructure projects are to help this pipeline of work be clear. Its why we originally called for an Infrastructure Taskforce to be established to bring industry, government and the community together to help prioritise projects and we now reiterate that call.

### 2. Infrastructure Project Progress

We also note that there is uncertainty in progress of medium to long term projects ('5 year' and 'Longer Term'). Our concern is if these are not well progressed in planning by now it would seem inevitable that they would be delayed in the future. There has been little information on a number of projects given the size. For example:

- a. Northside Hospital infrastructure \$250M –
- b. Better Facilities for GIO Stadium \$50M
- c. EPIC Precinct Future Development \$50M

We ask that the government provide more clarity about the timeframes for commencement of these significant projects, and as stated above, engage with industry on time and priority.

We note that there were \$11 million in 'budget announced' projects and \$1.45 billion in the 'Consider over the next 5 years' category. We believe that some of the latter projects now critical to bring forward where possible.

### 3. More emphasis needed on local contractor engagement in government tendering processes.

The ACT Government needs to continue to engage with industry on how to ensure local contractors are given the opportunities to bid for work and remove barriers. We note the that the Canberra Business Chamber has also raised this an issue – stating that:

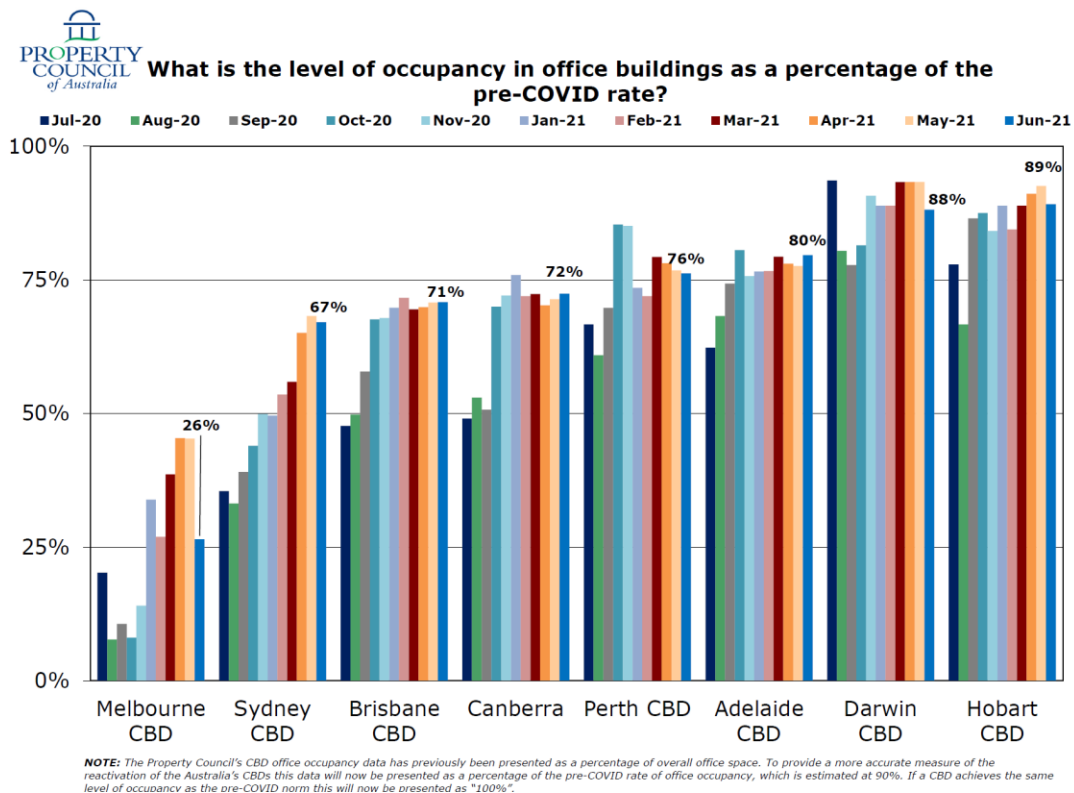
- i. *“While the Chamber welcomes these and other major infrastructure projects, we would like to see supporting policies to ensure that local businesses are the beneficiaries of this investment. We would be missing an important opportunity if the government funds out-of-town businesses to do this work but does not mandate any local procurement component.”*

#### **4. City Deal Taskforce**

We note the Chief Ministers recent recommitment to pursuing a regional City Deal for Canberra. We note that we are now the only Capital City not to have struck a deal with the Federal Government for a City Deal. Industry believes we can bring value to this bid and call for a taskforce to be established to assist.

## Return to office key is to our economic recovery

Office Occupancy is still at extremely low levels in Canberra despite our low rate of COVID transmission. Barriers to getting to the office by public transport and the health concerns about utilising are less here than other cities and our residents rely less on it to get to the office.



### 1. Need for a dedicated campaign to get workers back to the office

The simplest way to help the economy is to get public service (both ACT and Commonwealth) back in the office – who occupy 50 percent of our buildings.

In Melbourne, the Property Council has launched *FOMO Fridays* in conjunction with the City of Melbourne and the Australian Retailers Association. In Brisbane, the *Fridays in the City* initiative will bring together reactivation efforts in partnership with Brisbane City Council and

other CBD stakeholders. The NSW Government just announced a \$50 million initiative to incentivise return to the CBD.

These campaigns are aimed at encouraging city workers to rediscover what's great about their CBDs with numerous activities, events and freebies - like free public transport on Fridays on offer. We would like to discuss with government ways we could partner on a similar campaigns to encourage people back into the city and the town centres.

**2. Need to support or commercial building owners to support their impacted tenants**

Our building owners acted quickly in 2020 to support their tenants with rent reductions, many of which are ongoing. We acknowledge the rates relief support offered during this period and the support of the Business Commissioner in resolving negotiations.

We also acknowledge that as a direct stimulus measure that there was a 50 % reduction in the City Improvement Levy and we ask that be continued beyond 1 July 2021 as we continue to recover.

**What are the short, medium and long term solutions needed to recover (taken from our ACT Election Platform <https://advocacy.propertycouncil.com.au/act-election-2020> )**

**When do we need it?** > Immediate stimulus needed to lead the **recovery**  
> Medium term plan for **growth**  
> Long term strategy for **transformation**

The keys to unlocking the Nation's capital	Immediate stimulus for <b>recovery</b>	Medium term plan for <b>growth</b>	Long term strategy for <b>transformation</b>
<b>1. Build on our strengths to get the population we need to secure our future</b>	Move, Invest and Work' at 'Our Place' cash grants Promote Canberra as a COVID safe place for business	Develop a Canberra Region strategy for Population growth Energy efficiency measures for homes and workplaces	Establish a showcase precinct to demonstrate positive community outcomes Strengthen Social Sustainability principles in the Territory Plan
<b>2. Create the homes Canberrans need to thrive.</b>	Establish Build to Rent as a viable asset class Funding and land for 600 new social housing dwellings (under the SHARP proposal) Extend Stamp Duty waivers to Investors to increase rental supply Review the land release program to deliver for the community – including retirement living where it is needed.	Reconsider commercial rates for diverse housing types and that deliver community benefit Facilitate joint ventures for affordable and community housing Refine residential zoning to deliver the 'missing middle' housing stock	Greater flexibility in planning controls to deliver more affordable housing
<b>3. Urban renewal that delivers for business, community and our city</b>	Meet statutory timeframes for DA approvals Review the ACAT process Support COVID recovery by supporting projects to sure up housing supply pipeline Release the Planning Reform and Review scope Make the National Capital Design Review Panel (NCDRP) process more efficient	Resolve lengthy delays for TPV's and support concurrent applications that deliver for community Better resource the Planning Authority and deliver efficiency in decision making Develop responsive Car Park Strategy for Civic and Town Centres	Better collaboration between the City Renewal Authority and the private sector City Levies to be used on public realm enhancement flexibility of lease purpose clause and incentive rates to create a walkable and interesting city at the ground floor facilitate holistic and high-quality development through lease amalgamations
<b>4. A tax system which makes Canberra the best place to invest in and do business.</b>	Cap residential and commercial rates for three years Establish a Rates and Taxes Reform Taskforce. Introduce a simple and fair rate dispute system. 12-month moratorium in additional property taxes and charges Third party determination of LVC by API President Review and simplify the LVC	Rates remissions to achieve broader policy objectives (ie energy efficiency upgrades, public realm upgrades) Encourage mixed use precincts by apportioning rates by use. Enable infrastructure delivery in partnership with government through offsite works offset against LVC	Spend money collected from LVC in that geographic area so benefit is realised by the immediate community LVC remissions for housing that delivers good growth and social sustainability outcomes Use LVC remissions to encourage community housing providers and developers to forge partnerships
<b>5. Infrastructure which unlocks opportunity and drives growth</b>	Establish an infrastructure body to drive investment Engage industry engagement through a Ministerial Advisory panel on infrastructure Establish a City Deal Taskforce Identify projects and sites that can be delivered by PPP and joint ventures Change procurement process to support local business and create jobs	Develop a Transport Orientated Strategic Plan to unlock land opportunity Recast the land release strategy along transport routes to leverage investment Undertake a review of existing Industrial Zones	Efficiently and strategically rezone and service land to provide the housing and economic assets needed in and around Local and Group Centres and on under-utilised urban open space, parking areas and public housing redevelopment sites.



