

Prosperity Through Property

A roadmap to unleashing Western Australia's potential



Winhanga-Duri-Nya
Meaning "reflect"
Wirjudjuri language



Artwork created by proud Wirjudjuri woman, Lani Balzan in 2021.

Acknowledgement of Country

The Property Council acknowledges the tens of thousands of years of continuous custodianship and placemaking by First Nations peoples and their proud role in our shared future.

We thank them for their custodianship of Country - land, seas and skies.

We acknowledge the diversity of First Nations cultures, histories and people, and we pay our deepest respects to elders past and present

Foreword

West Australians will confront unprecedented economic and social circumstances as they head to the polls for the 2025 state election.

Despite having largely avoided the worst impacts of the pandemic and enjoying consecutive budget surpluses, historically low housing availability, persistent worker shortages, and challenging cost-of-living conditions continue to hamper growth.

To emerge from these challenges, it is imperative that the incoming government adopts bold policy initiatives, collaborates closely with industry stakeholders, and strategically invests in programs that will propel Western Australia forward through the next term of government and beyond.

In recent years we have welcomed reforms that have enhanced and streamlined the planning system. Positive improvements included the coordination of planning assessments for state-significant projects, increased planning assessment options through Development Assessment Panel reforms, the establishment of the Housing Supply Unit, and significant regulatory changes aimed at reducing red and green tape.

In the years to come, the WA property industry will play a pivotal role in unlocking the state's economic potential, with housing availability serving as the linchpin for the success of all industry sectors.

All West Australians must come together to support plans and strategies that allow our communities to evolve to meet the demands of growth. Intentionally misusing policy tools and stoking community fears to hinder developments for future generations of homeowners is unacceptable. Government and planning agencies must ensure that policy frameworks facilitate timely and diverse development outcomes, and unite the WA community by advocating for a housing-abundance-first approach.

Improving housing availability benefits West Australians in every industry. By enabling our population to grow with housing security, we can open up new avenues for growth, foster innovation, attract new and expanded industries, be ready to meet an energy transition and meet productivity gains essential for overall economic advancement.

By fostering partnerships and sharing expertise, we can navigate the complex challenges facing the state and ensure that development meets the needs of both present and future generations.

This platform is a roadmap to deliver housing for every West Australian, to bolster skills and investment across the state's powerhouse industries, and to power a greener future.

Western Australia's success lies in our ability to work together. With a shared vision, we can build a future where every West Australian has the opportunity to flourish, and our cities stand as beacons of sustainable growth and prosperity.



Emily Young
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Property Council of Australia





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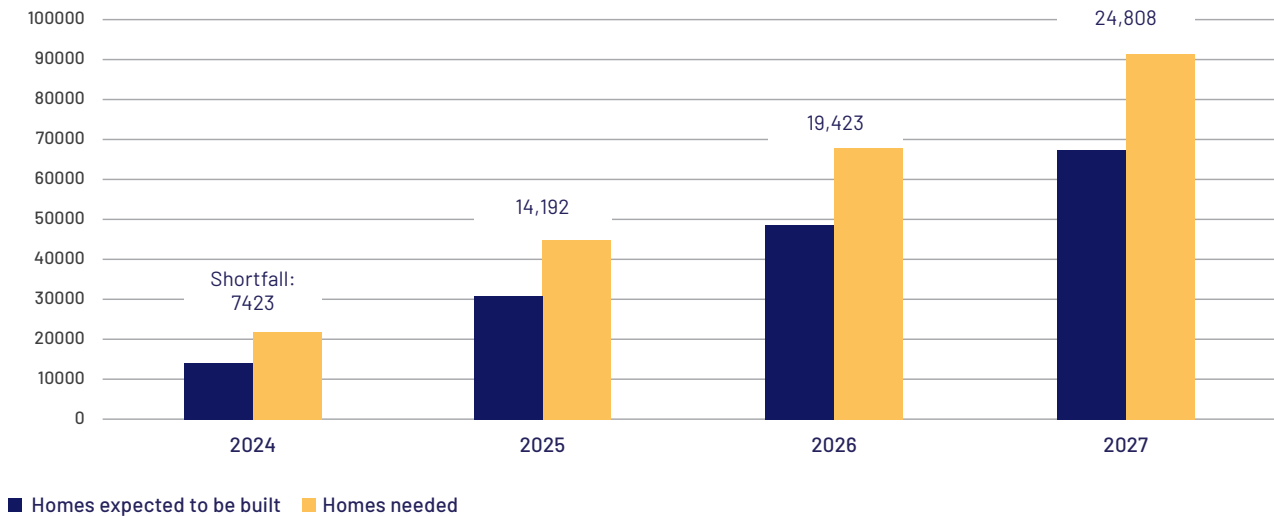
Housing every West Australian



Addressing the increasingly scarce supply and unaffordability of housing in Western Australia will need to be a key priority of the incoming state government.

Nationally, based on current projections and workforce capacity, WA is unable to construct the homes needed to match the rapid population growth over the next four years. Treasury estimates an additional 239,000 people will call WA home between 2024 and 2027. To house these new West Australians, approximately 92,000 more homes will need to be built. Modelling shows, applying existing market capacity, a maximum of only 67,000 new homes can be built in this timeframe leaving a shortfall of roughly 25,000 homes.

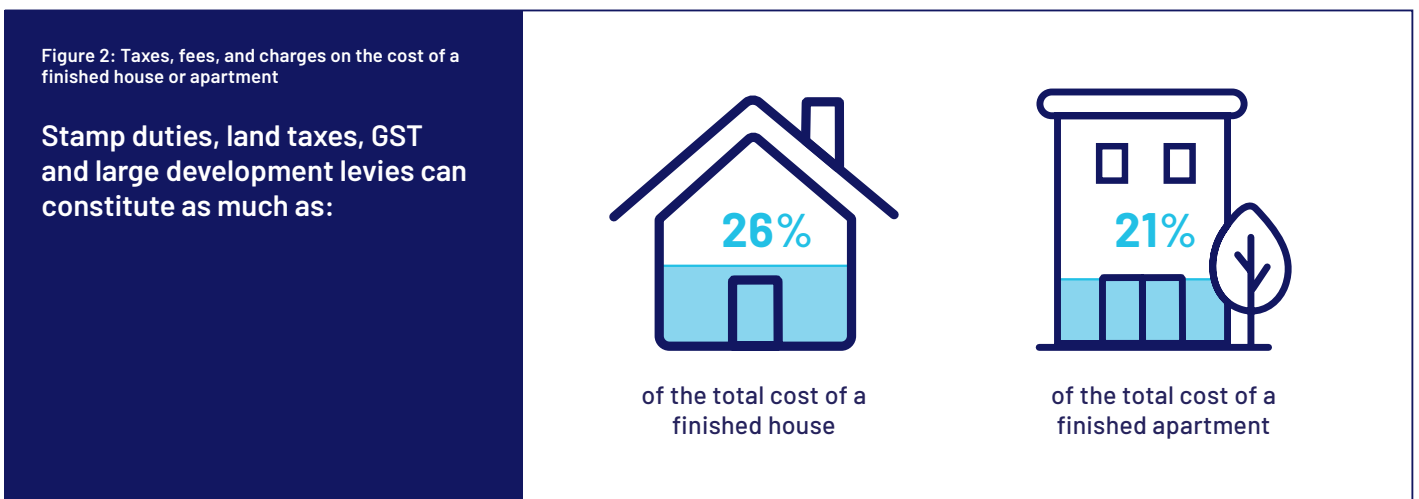
Figure 1: Projected Dwelling Unit Commencements, WA 2024-2027¹



To tackle this growing shortage of homes, a whole of market and government approach is needed. Across Australia, governments have primarily devoted their focus on creating social and affordable housing. While this approach is well intended, it can also be problematic, as it relies on the private sector to deliver less profitable products against a backdrop of rising prices and constrained labour availability.

The Property Council has highlighted to all levels of government the importance of effective housing policy and planning systems. In WA, government has been responsive and led the nation in delivering several innovative planning reforms, while also maintaining a relatively low tax base. Despite a government focus on red tape removal, disparate local planning policies, taxes, developer contributions and other planning processes continue to impact feasibilities.

Taxes, fees and charges constitute more than 20 per cent of home construction costs, as demonstrated below in Figure 2, before even considering the cost of planning delays.²



Policy announcements aimed at improving the efficiency and cost of planning, including the *Planning and Development Amendment Bill 2023* and Infrastructure Development Fund, have been welcomed by the Property Council. The incoming state government will need to continue to support instituted reforms and look for ongoing levers to reform the system to attract the investment in new homes needed to maintain WA's economic and population growth.

The following recommendations provide a clear pathway to supercharge residential property development and empower industry to provide enough homes for every West Australian.

1. Reclaiming the Australian dream

A balanced housing market, where every West Australian can reasonably aspire to have access to housing security, is vital in enabling the state to meet its economic potential. The rising cost, and falling availability, of housing is jeopardising the state's ability to attract skilled workers and reduces discretionary spending in the economy.

Recommendations:

1.1 Uncover the tax barriers to home ownership

Property taxes, including transfer duty, land tax, and developer contributions, constitute more than 20 per cent of the total cost of a new home.

Examining transfer duty specifically, in 2023, 95.5 per cent of house purchasers and 62 per cent of apartment buyers had a transfer duty liability exceeding \$11,000. Notably, 31 per cent of home buyers and 11.5 per cent of apartment buyers were liable for more than \$28,000 in transfer duty.

Only 12 per cent of all dwellings fell within the lower three stamp duty brackets which incur liabilities of \$3,135 or less³.

Transaction taxes, such as transfer duty, are often a barrier for people choosing to right size at any stage of life. Efforts to reduce transfer duty costs through off-the-plan concessions and first homes buyer rebates are a welcome relief. However, as house prices continue to rise, bracket creep is leading to increases in property taxes, which affects the purchasing power of home buyers.

The Property Council recommends that the incoming government conduct a comprehensive review of property taxes. It suggests consulting on solutions to reduce or eliminate tax barriers to home ownership, such as amortising the collection of taxes over an extended period, or reducing upfront tax costs to improve transaction rates. This review may fall under the mandate of Treasury's new Housing Supply Unit.

1.2 Make permanent transfer duty concession rates and remove thresholds

While a comprehensive review of taxes is needed, interim measures can be implemented to ensure new homes are brought to market. Transfer duty, particularly for new apartments, represents a substantial cost to buyers.

In 2023, the off-the-plan transfer duty concession was extended to apartments under construction. This measure was strongly supported as a lever to elevate new apartment commencement and to equalise the tax treatment of new apartments, bringing it into line with house and land style development where in most instances, transfer duty is only paid on the land component of the transaction.

The Property Council proposes removing the threshold to capture all apartments, equalising tax treatments and encouraging greater housing diversity and apartment development.

1.3 Increasing housing around transport nodes and activity centres

Apartment development is the best option for substantially increasing the number of homes in established suburbs to sustainably accommodate high levels of population growth. Encouraging and incentivising development in areas with existing transport infrastructure and adequate utility infrastructure should be prioritised above investment in new suburbs.

In 2023, the NSW Government implemented a range of measures upzoning large tranches of land, with a view of supercharging housing supply in areas with existing infrastructure and amenity⁴. The NSW approach follows similar successful experiments in Auckland and other Western cities⁵.

Meeting the challenges of housing WA's growing population requires a whole of government commitment to increasing housing diversity and supply. The Property Council encourages the incoming government to continue the successful run of recent reforms to adopt a housing-abundance-first approach when developing housing policy and over the next term of government. The Property Council is currently preparing a research paper on the tools available to expedite this approach.

In its *Transit Precincts: Perth, Get Onboard* report, the Property Council identified the following stations as priority locations for redevelopment to occur⁶:

1. Leederville
2. Cottesloe
3. Bayswater
4. Maylands
5. Burswood

Figure 3: Extract from *Transit Precincts: Perth, Get Onboard* report, outlining the priority locations for transit-oriented development.



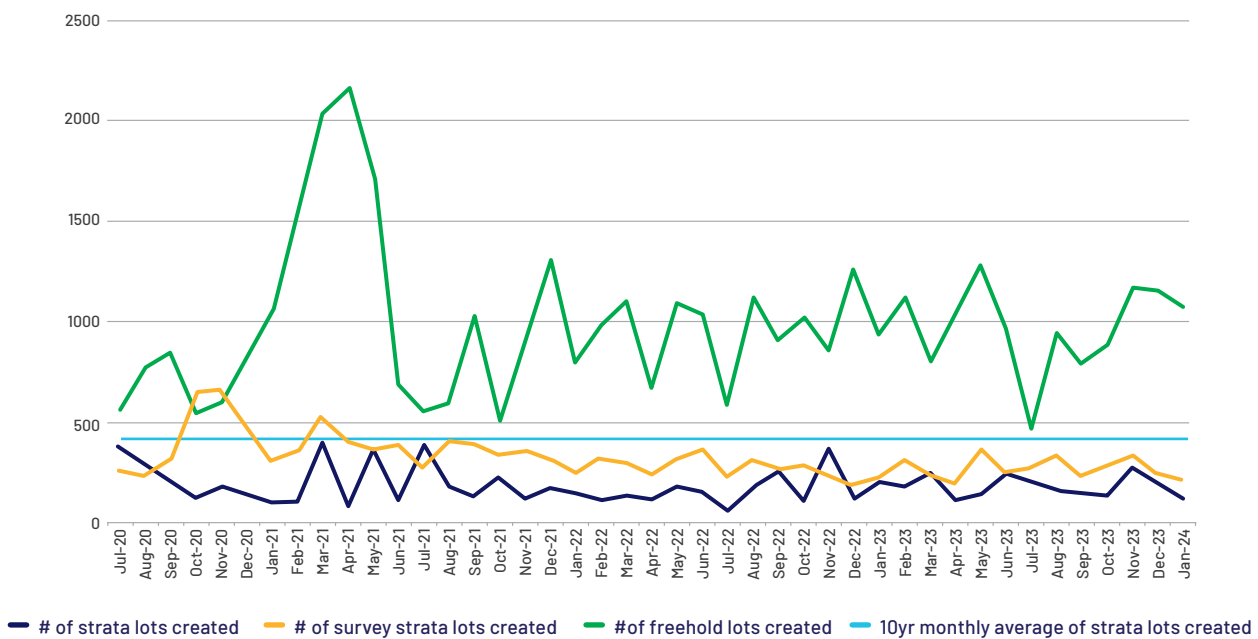
1.4 Help apartment developers build more homes

WA needs to support the development of more apartments to reduce urban sprawl and quickly provide increased housing available around existing infrastructure and amenity. As shown in Figure 4, WA continues to rely heavily on house and land development for new dwellings, contributing to further urban sprawl.⁷ New houses built by the private sector have regularly exceeded 75 per cent of all dwelling completions. Figure 4 also shows that the recent decline in dwelling completions has occurred in tandem with a notable shift in the composition of transactions, with well over 80 per cent of sales attributed to new houses.

As interest rates have increased, the financing requirements have disproportionately impacted apartment development. Changes in lending requirements have made it more challenging for developers to secure project financing with more stringent presales threshold. Between 2018 and 2023, presale requirements for lending have changed from 100 per cent of debt (roughly 30 to 40 per cent of presales) to 90 to 100 per cent of the development cost (roughly 60 to 70 per cent of presales)⁸.

Unfavourable lending conditions are further hindering the commencement of projects. To expedite the delivery of more apartments, the Property Council proposes the incoming government explore opportunities to support underwriting presales for apartment projects. Funding should be contingent on a need to pre-qualify projects and may be delivered through Keystart or the Treasury, where the co-funding party take a share in the project as a seed funder for a small fee and then exit once sales maturity is reached. This initiative would give the development community more favourable access to project funding. By starting projects with lower presale requirements, projects can commence sooner, instil greater buyer confidence to expedite presales, decreasing project delivery timelines and make more homes available sooner.

Figure 4: Number of Lots Created - Landgate



1.5 Help more West Australians bridge the deposit gap

Since 1989, Keystart has supported West Australians into homeownership by lowering the entry costs. To ensure Keystart can continue to support the community in an environment where house prices and disposable incomes are increasingly volatile, the Property Council recommends amendments to how Keystart eligibility thresholds are set. Rather than applying fixed eligibility criteria, consideration should be given to making the criteria more dynamic. By linking funding limits to benchmarks such as the median house price, income thresholds are able to move with changes in finance costs, allowing these settings to be updated more regularly.

1.6 Elevate new home delivery by investing in innovative residential construction methodologies

Prefabrication is emerging as a solution to reducing cost, labour demand and delivery timelines in residential development⁹. Government investment in prefabrication technology for residential construction can help support industry adoption and advance new construction methods.

In 2023, the Queensland Government established the Rapid Accommodation and Apprenticeship Centre (ORAAC), aimed at delivering prefabricated homes by using modern methods of construction to bring more housing supply into the market. The Property Council recommends the establishment of a comparable unit in Western Australia to bolster local manufacturing and construction capacity and escalate industry adaptations of prefabrication methodologies.

1.7 Help more projects to commence development by reducing holding costs

Holding costs, such as rates, taxes, mortgage interest and insurance represent a significant cost in developing a project and unnecessarily add to the overall cost of new homes. Reducing holding costs, particularly government taxes, would allow developers to deliver quality homes to buyers at a more affordable price.

To bring more affordable homes to market, the Property Council proposes the incoming government suspend land tax on projects under development. To ensure projects are incentivised to be delivered at pace, this initiative may be time-capped or may be provided as a rebate. Alternatively, the Infrastructure Development Fund could be extended to cover additional costs, including those identified above.

1.8 Enable property markets to operate freely

In response to rising housing costs and reduced rental availability, some governments have entertained the possibility of radical interventions in the private residential market, such as rent caps and inclusionary zoning targets. Such interventions are ill-conceived and evidence from global markets strongly indicates that the longer-term effects of such interventions significantly outweigh any perceived sugar-hit benefits. Most often, interventions of this nature lead to reduced housing supply, diminish new stock coming to market, and further compromise housing markets. Examples include New York¹⁰, where regulated housing with firm rent controls faces maintenance issues, and Berlin¹¹, where a rent freeze during the pandemic resulted in a 35 per cent reduction in rental supply within a year.

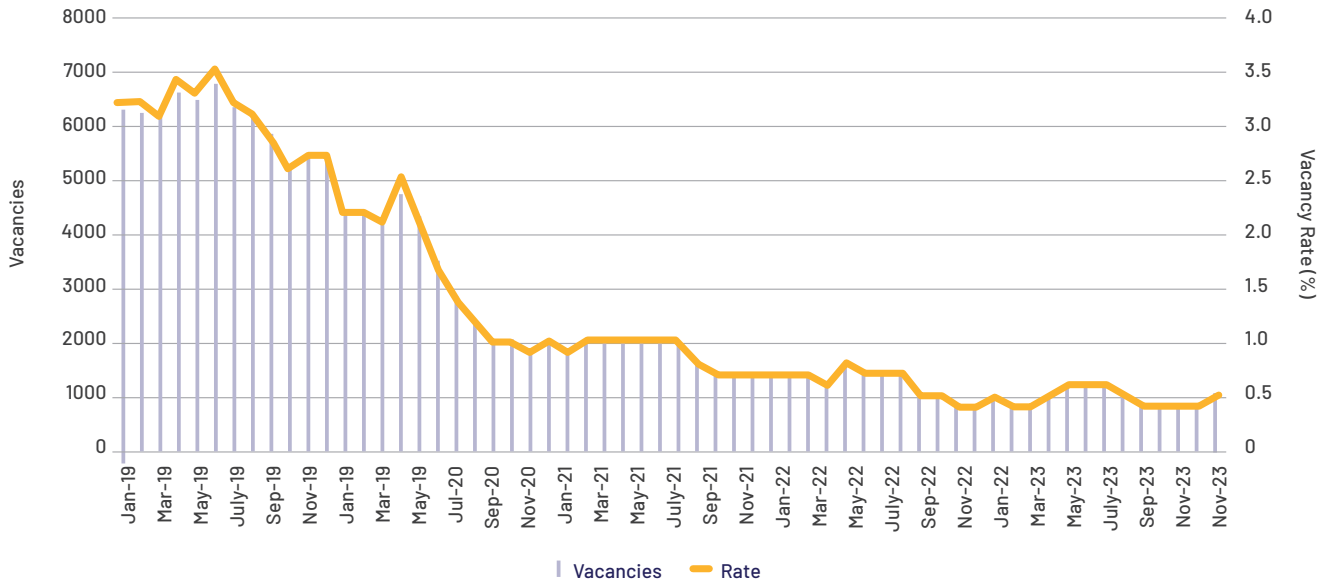
Analysis by the Property Council found, in the ACT, the only Australian market with a form of rent capping, rents have increased by 14 per cent since the laws took effect in 2019, significantly higher than the national average. Mandatory affordable housing requirements in private developments also pose commercial disadvantages, affecting landowners' viability and project commerciality. The Property Council urges the incoming government to uphold the principles of a free property market and reject the introduction of inclusionary zoning and rent-capping policies in the next term.



2. Balancing the rental market with specialist accommodation

The WA rental market is facing a significant undersupply. For more than three years, the vacancy rate in Perth has sat below one percent, well below a balanced vacancy rate of around 2.5 to 3.5 per cent¹². SQM Research, outlined below in Figure 5, shows the rapid decline in the total number of vacancies and the vacancy rate for metropolitan Perth.

Figure 5: Perth Residential Vacancy Rates, January 2019-December 2023.¹³



The rental shortage has led to substantial price inflation, with Housing Australia (formerly known as the National Housing Finance and Investment Corporation) reporting that since the pandemic's onset, all of Perth's local government areas (LGAs) have witnessed rent increases ranging from 20 to 30 percent, and most experienced increases exceeding 30 per cent when compared to pre-pandemic levels¹⁴.

Figure 6: Rent growth since pre COVID-19 (Feb 2020 to Jan 2023) in six key residential markets¹⁵.

	Total LGAs	LGAs <10%	% total	LGAs 10-20%	% total	LGAs 20-30%	% total	LGAs <30%	% total
Sydney	37	3	8	13	35	15	41	6	16
Melbourne	31	17	55	10	32	3	10	1	3
SE Queensland	12	0	0	0	0	0	0	12	100
Adelaide	19	0	0	1	5	6	32	12	63
Perth	30	0	0	0	0	4	13	26	87
Hobart	5	1	20	1	20	3	60	0	0

To restore balance in the rental market an estimated 18,000 to 20,000 additional rental properties are required according to modelling produced in late 2023¹⁶.

Rebalancing WA's rental market requires a departure from a system that has long been reliant on individual and mum and dad investors.

Recommendations:

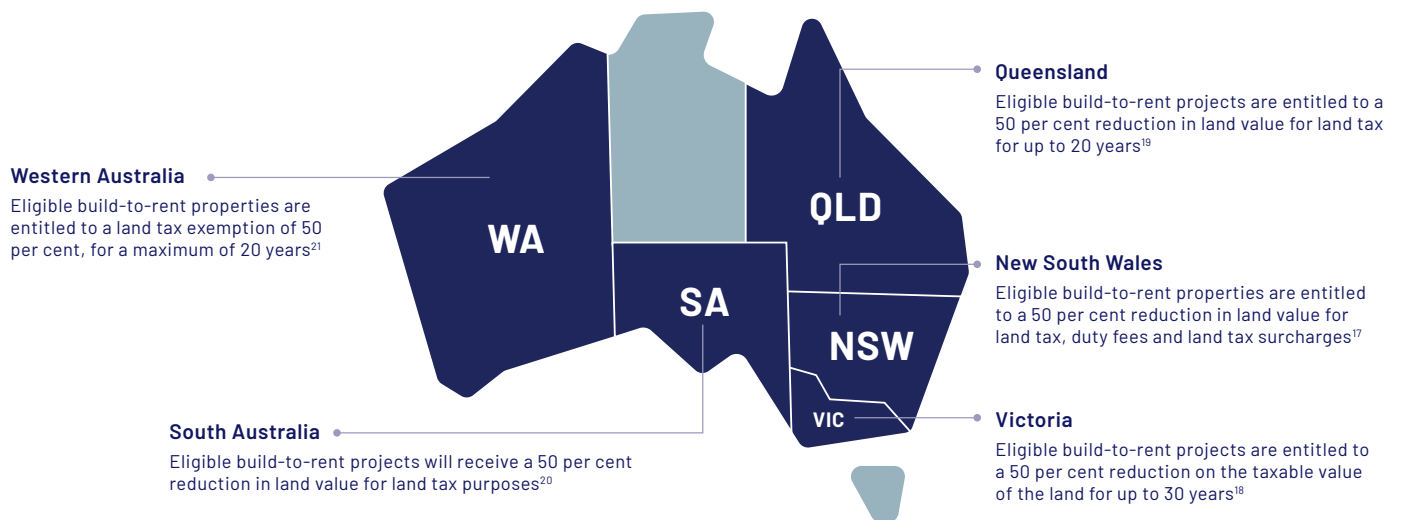
2.1 Lead Australia in build-to-rent investment attraction

Build-to-rent, a professionally managed rental product often backed by institutional capital, offers a solution to WA's rental availability shortfall.

Beyond its capability to bring significant quantities of long-term rental stock to market, build-to-rent offers economic and social benefits, including housing stability, enhanced community connectivity and flexible, amenity-rich living spaces which are typically pet friendly.

In the 2022-23 State Budget, the government introduced a 50 per cent land tax exemption for eligible large-scale build-to-rent developments. While a positive step, all other mainland states have since adopted similar measures, aligning tax and investment conditions for build-to-rent across Australia.

Figure 7: Tax exemptions for eligible large-scale build-to-rent developments across Australia



WA must be bolder in offering concessions to compete with leading markets NSW and Victoria in attracting build-to-rent investment. The Property Council suggests implementing a 100 percent land tax exemption for eligible build-to-rent projects for a minimum of 10 years.

To incentivise regional development of build-to-rent, longer exemptions, or making small projects eligible for the land tax concession, may be considered for strategic regional zones.

2.2 Create space for a growing student population

A record number of international students (55,952) are currently studying in Perth, and they contribute significant value to the state's economy through increased workforce capacity and domestic spending²².

International students strongly consider the availability of safe and professionally managed housing when deciding where to study in Australia. To maintain Perth's status as a city of choice for international students, the incoming government must ensure an ongoing pipeline of new purpose-built student accommodation (PBSA). Otherwise, Perth risks losing international students and associated economic benefits to other markets.

"In 2020, StudyPerth commissioned ACIL Allen to quantify the economic importance of international education to the WA economy. It was estimated that in 2019, the 53,404 international student enrolments in Western Australia boosted the State's Gross State Product by \$2.1 billion and supported almost 12,000 direct and indirect FTE jobs across Western Australia."²³

PBSA plays a vital role in releasing pressure on the housing market. If dedicated student accommodation is unavailable, students seek out housing in the general residential market, competing with local families and further contributing to the housing shortage.

To ensure WA supports the provision of student housing, specifically PBSA, the Property Council urges the state government to:

1. Make it a requirement for local planning and housing strategies to include student accommodations so that zoning can be considered; and
2. Include PBSA projects for funding through the Infrastructure Development Fund.
3. Undertake a comprehensive review of tax barriers to PBSA development. This review could be conducted by the Housing Supply Unit with the aim of identifying tax reforms to boost the investment attractiveness of PBSA in WA.

2.3 Facilitate better housing that delivers better health outcomes for West Australians

According to research detailed in the Retirement Living Council's (RLC) **Better Housing for Better Health**, the number of people aged over 75 in Western Australia will grow by 150,000 by 2040²⁴, as outlined in Figure 7.

At a national level over this period, the number of Australians aged over 75 will increase from two million to 3.4 million people, leading to increased socio-economic challenges and more downward pressure on housing supply and residential aged care facilities.

The next state government must be ready and prepared for the changing housing and social needs of an ageing population to ensure older Western Australians have access to better housing that leads to better health outcomes.

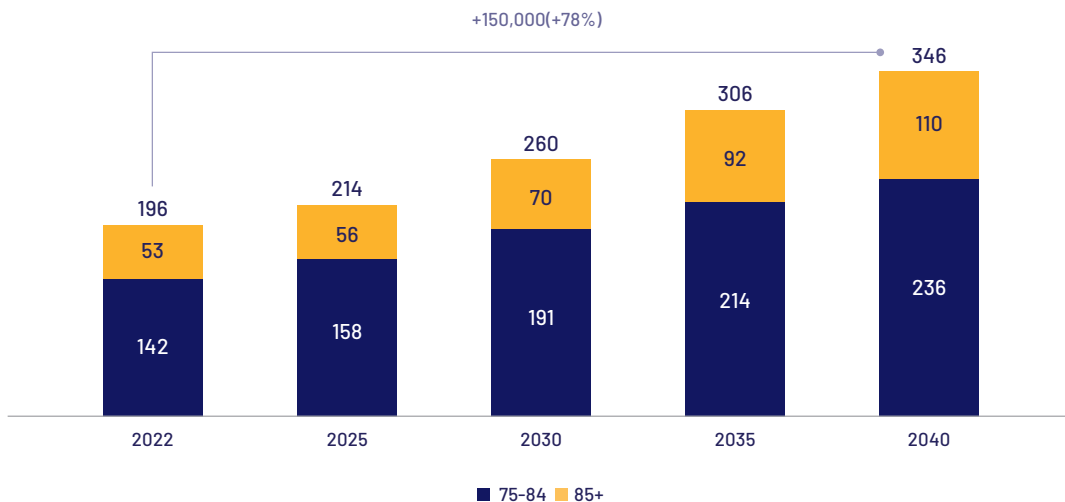
Retirement villages across the country save the federal government almost one billion dollars every year by delaying entry into aged care facilities. These communities achieve this through better designed homes that minimise trips and falls, which means residents are experiencing fewer visits to the GP, shorter hospital stays and because of their generally better health – delays the entry to aged care.

Residents are 20 per cent less likely to require hospitalisation after only nine months living in a retirement community, they are 15 per cent more physically active, 41 per cent happier, twice as likely to catch up with family and friends, five times more socially active, and experience reduced levels of depression and loneliness.

All of this reduced interaction with doctors and hospitals releases capacity back into the health system for Western Australians who need it most, when they need it most.

The RLC's report also found that 76 per cent of West Australians aged over 75 are living in oversized dwellings. The retirement living sector can assist to reduce the housing shortage by 67 per cent through this cohort rightsizing, however the right policies need to be enacted to assist in meeting expected demand and maintaining current market penetration rates.

Figure 8: Population of Western Australians over the age of 75, projected to 2040²⁵.



The Property Council recommends the incoming state government enables the retirement living sector to grow and bring online new retirement communities by:

1. Establishing minimum land allocations for retirement communities in all new greenfield developments
2. Undertaking a review of age-friendly accommodation availability across WA and setting targets for retirement communities in under-supplied areas
3. Providing planning incentives, such as access to the state significant development pathway for the creation of new communities in under-supplied areas; and
4. Continuing to engage with industry throughout the finalisation and implementation of the Retirement Villages Act reforms to ensure that they lead to an increase in the supply of affordable, health-focused and age-friendly housing for older Australians.

2.4 Utilising Metronet to deliver more social and affordable housing

The Metronet program has significantly expanded the rail footprint in Perth, with several new stations developed with the aim of future-proofing against population growth. This strategy presents a challenge, as the highest and best use for land around the station is medium to high-density development, but the feasibility of such developments are often not viable for several years. As a consequence, significant government land holdings around the stations are often sold and subdivided. Subsequently, the land is developed as low-density residential housing, substantially impairing the future potential of the suburb.

To safeguard these large lots for future and more efficient use, it is recommended that the incoming government replicate the successful Homes Victoria Ground Lease Model²⁶. Under this model, public land is leased to a project group or community housing provider, enabling the development of the site for social, affordable, specialist disability, and market rental homes. After 40 years, the site is returned to the state government, allowing for potential resale and redevelopment to achieve a greater yield.

A pilot program in Fremantle has already demonstrated the effectiveness of this approach in WA. Land secured under a long-term peppercorn lease on a reserve owned by the Public Transport Authority, adjacent to the North Fremantle station, was developed into 18 homes. These homes, operated by St Patrick's Community Support Centre, cater to older women experiencing homelessness. Replicating this model at scale would deliver social housing close to transport hubs, support the development of the social infrastructure needed to advance the economic performance of new suburbs, and prevent underdevelopment adjacent to new stations.

This program would require a level of state government funding or support and could be delivered applying a similar structure to the Housing Diversity Pipeline.

Figure 9: Homes built for older women experiencing homelessness in the Fremantle area²⁷.



3. Sustainable planning for sustainable growth

One of the greatest costs in the development cycle is inefficient planning, and while quantifying the exact cost of planning delays is challenging, Property Council analysis shows that even a modest one per cent of the total value of building approvals could result in annual savings exceeding \$114 million for WA.

Inadequate or bureaucratic planning systems hinder timely decision-making, leading to increased end-user costs and limiting industry's ability to meet demand promptly, often resulting in undersupplied markets. In recent years, much has been done to improve planning efficiency in WA, and the efforts undertaken should be preserved by an incoming government.

After a period of significant planning reform, a pause on major planning reform is necessary to allow industry to fully adopt and benefit from the implemented changes. The incoming government should prioritise ensuring the effectiveness of the reformed systems and fostering improved community understanding as to the best way to engage with and understand the operation of the planning system. It is also crucial to prevent a proliferation of local government policies that could undermine the standardisation and professionalisation achieved through the Phase Two Planning Reform program.

Recommendations:

3.1 Understand and report on the costs of planning policies

The cost of delivering housing is significantly impacted by planning and taxation frameworks imposed on new developments by all levels of government. The financial implications of government policies are rarely costed appropriately, or the costs are not clearly articulated to decision makers. As a result, the ability of industry to produce housing at a price the market is prepared to pay is significantly diminished. Many of these policy impacts might seem small in isolation, such as a one per cent levy for public art. However, when combined, the cumulative costs represent a death by 1000 cuts on new development.

The average Australian saves \$705 per month²⁸. Every \$10,000 dollars added to the cost of a home represents over a year of savings.

To ensure appropriate cost/benefit analysis of developments, the Property Council proposes all policies that pertain to housing at a local and state government level undergo rigorous costing impacting analysis, and that any policy decision that triggers a cost impact be required to:

1. At local government level, obtain WAPC or ministerial approval
2. At a state government level, be presented to parliament with a cover letter, with a Reference Regulatory Impact Statement and a comprehensive costing outlining how the reform will financially impact the end-purchaser.

3.2 Positively indoctrinate design assessment by institutionalising Design WA

In recent years, under the banner of Design WA, a comprehensive suite of policies has been developed which embed positive design principles into the planning system. As the suite of policies continues to develop and expand, consideration should be given to institutionalising design assessment so that the benefits of indoctrinating design in planning are not outweighed by red tape or diminished by inconsistent application.

There is industry concern that some of the systems that support Design WA, such as Design Review Panels, have in some instances become obstructive to new development. These systems, when poorly constituted or misused, add time and cost to developments and impact their feasibility and affordability. Conversely, when design review processes are transparent, consistently applied and well-constituted, they deliver well-designed built-form outcomes.

To address increasing industry concerns about the composition and application of design review assessments, the Property Council proposes streamlining and institutionalise Design WA by:

1. Creating a binding matrix to identify which projects require design review panel assessment), can undergo peer assessment, or can undergo self-assessment (a basic example is below)

Project type	Assessment type
Deemed to comply (grouped dwellings less than 30 apartment),	Self-assessment
Non-compliant (single and grouped dwellings)	Peer assessment
Projects beyond the scheme or requesting additional bonus; projects in the significant development pathway.	Design Review Panel
Deemed to comply (single dwellings), structure plans, scheme amendments	Excluded

2. Providing adequate training and set binding appointment criteria for Design Review Panel members
3. Increase oversight over panel member appointments and limit the number of panels an individual can participate in.
4. Implement a decision review process where concerns regarding determinations or panel compositions can be raised and reviewed – this could be the WAPC or State Architect
5. Limit fees chargeable and the number of meets required by Design Review Panels, specifically local government Design Review Panels
6. Mandated reasonable timeframes (not exceeding 90 days) for completion of the DRP process unless the proponent requests an extension
7. Limit feedback in follow-up meetings to items raised at the initial meeting
8. Allow proponents the opportunity to explain the rationale for design elements raised as concerns by the DRP before a final determination.

Ensuring that design is integrated into the planning system is critical for achieving positive building outcomes. However, it is also vital to preserving affordability that the systems for assessing design enable clear, consistently applied, and appropriately resourced with qualified members. These process improvements will ensure cost-effective advice to projects without adding unnecessary assessments and red tape where legislation already provides satisfactory design guidance to achieve a positive built-form outcome.

3.3 Allow concurrent planning assessment to enhance community engagement

The current residential land delivery system in WA faces challenges due to the necessity of following sequential planning processes, rather than concurrent ones, when transitioning land from other uses, specifically rural broadacre, to residential subdivision.

Typical greenfield subdivision requires the following planning processes to be completed in order of:

1. Regional Planning Scheme amendment
2. Local Planning Scheme amendment
3. Structure Plan preparation and approval
4. Subdivision approval.

Similarly, large and strategic built-form projects suffer the same time delays caused by the need to amend various planning instruments. The Property Council proposes legislative reform be considered to allow for concurrent amendment of various planning instruments, subdivision and/or development approvals²⁹.

3.4 Supercharge Streamline WA and continue to advance initiatives that cut green and red tape

The Streamline WA program, dedicated to enhancing the business landscape in Western Australia by improving regulations and regulatory practices, is a highly valuable initiative. The Independent Review of Environment Approvals led by former Environmental Protection Authority chair Paul Vogel and planning expert David McFerran exemplify the positive impact of the Streamline WA program. Expanding the program is necessary to continue to reduce the costs of red tape.

It should be a priority of the incoming government to extend and supercharge the resourcing of Streamline WA. A supercharged version of the program should adopt an open-data approach, enabling improved data sharing with industry and facilitating the private sector to assist government in addressing efficiency challenges and bottlenecks.

The Property Council also recommends a Commissioner, similar to the Victoria Better Regulation and Red Tape Commissioner, be appointed and operate across agencies. This Commissioner could be responsible for setting reform priorities and Key Performance Indicators to support improved government sector efficiency.

3.5 Deliver the homes and infrastructure WA needs by finessing positive planning reforms

The WA planning system has undergone substantial reform in recent years, with many positive planning initiatives, including reforms to Development Assessment Panels (DAPs), the creation of the Housing Supply Unit, and the establishment of a permanent significant development pathway.

These planning reforms will continue to play a crucial role in addressing the state's housing needs. To ensure the continued effectiveness of these positive planning reforms, it is imperative that adequate resources are consistently allocated. Therefore, the incoming state government must affirm its commitment to ensuring the continued robust resourcing of these initiatives, specifically DAPs, the significant development pathway, and the Housing Supply Unit.



Bolstering skills and investment to grow WA's powerhouse property industry



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4. Land and innovation to ensure industrial sectors thrive

A thriving industrial sector in Western Australia is essential for fostering innovation and technological advancements. It is estimated that as the population grows, an additional 4.5 square metres of industrial floorspace will be required per person³⁰. Therefore, based on Treasury's population projections, an estimated 1.3 million square metres of industrial space will be required by the end of 2026.

Overall, a flourishing industrial property industry is instrumental in shaping WA's economic landscape, ensuring supply chain resilience, job opportunities, and technological progress for sustained growth.

To fully leverage its potential as a leader in clean energy, WA must grow the capacity and capability of its industrial precincts and invest in advanced and adaptable infrastructure, ensuring that power grids, communication networks, and data systems can accommodate the evolving demands of businesses.

Recommendations:

4.1 Ensure the secure pipeline of industrial land

Ensuring WA has a robust pipeline of industrial land is vital to the state's growth. The Industrial Lands Authority (ILA) is tasked with delivering industrial land for strategic, general, special and light industrial use, which is guided by the Industrial Lands Strategy ("the Strategy"). While this structure is supported by the Property Council, a regular audit process is needed to ensure the currency and value of the Strategy is maintained.

The Property Council calls on any incoming government to introduce two yearly audits of the Industrial Land Strategy, and use the audit to identify actions against timing for the provision of infrastructure. The audit should also review priorities in the context of Westport-related infrastructure, which is currently not included and should be made available publicly.

4.2 Upgrade the SWIS to prepare industrial land for a greener future

WA's industrial sector is pivotal in contributing to a positive climate response. However, upgrading the South West Interconnected System (SWIS) and facilitating renewable projects to deliver cleaner energy to the grid requires essential backbone infrastructure. The Property Council urges the incoming government to prioritise the capability and resilience of the SWIS as a core consideration in policy-making, and provide adequate budget allocation for new and existing industrial lands.

As both industry and government strive for net-zero greenhouse gas emissions by 2050, the demand for renewable energy on the SWIS, is poised to surge, particularly for critical power-intensive industries, typically situated in industrial land precincts. Anticipating and establishing the necessary infrastructure ahead of demand is paramount to enabling these industries to swiftly adapt to changes and establish the essential connections required to meet their energy needs. Delays to connections impact industrial businesses from servicing business and community needs.

4.3 Support intensification of existing industrial precincts through headworks upgrades

Currently, much of the industrial land areas in key zones and around ports such as Bunbury, Geraldton, Albany and industrial areas like Kalgoorlie and Welshpool, are nearing capacity. Substantial funding needs to be allocated to Government Trading Enterprises to support the intensification of existing industrial land.

A review of how SWIS funding operate to pre-empt and prepare industrial land for future use is needed. Additionally, a review of the legislation guiding GTE processes for procurement and a proactive needs analysis should be considered.

4.4 Prime existing and new industrial precincts for growth

To better understand the longer-term challenges associated with the delivery of essential industrial land, the Property Council recommends that an in-depth gap analysis be integrated into the Physical Infrastructure Priority List. This action would support government to strategically address infrastructure gaps in a timely manner, and to emphasise a clear link between funding allocation and identified infrastructure priorities.

5. Futureproofing WA's workforce with skills for tomorrow

A thriving state's economic ecosystem is underpinned by its ability to grow sustainably – which requires labour, skills, and investment in productivity measures to meet demand.

In the global race for skills, talent and capital, WA needs to not just match, but exceed, other Australian states to compete. It is vital that migration strategies are targeted and staged to ensure the right skill gaps are met in line with peaks in demand.

In the face of a housing crisis, prioritising migration for property professionals and construction workers is necessary to elevate the delivery of new homes, while also building other essential infrastructure, like hospitals and schools. Placing housing first will support talent attraction, ensuring that housing exists to attract workers across all industries and sustains the state's economic growth.

In the current market, it is not possible to meet WA's skills gaps with existing capacity in the Australian labour market or through standard visa programs. Given the market position, the incoming government must consider creating labour agreements for WA's property and construction industry. The following recommendations propose solutions to supercharge skills.

Recommendations:

5.1 Move WA's population from transient to transformational by incentivising permanent settlement and increased housing investment

Over 2.5 million people from more than 190 countries call WA home³¹. For years, WA has benefited from international migration, with migrants bringing new skills, ideas, and cultural influence across all industries including the WA Parliament. Migrants and their descendants have, and continue to, significantly shape WA through parliamentary involvement and as legislative leaders.

Despite a rich culture of migration, since 2019 the WA government has preserved a housing policy that penalises international migrants from purchasing a home in WA. The foreign buyer surcharge (FBS), which applies additional transfer duty to global capital property transactions, acts as an unnecessary hurdle for skilled workers seeking to settle in WA.

While the FBS rule contains an exception that any surcharge paid on a property can be refunded if the person is no longer a "foreign person" on settlement (e.g. has permanent residency granted by then), in practice, sellers are generally unwilling to enter into a contract which is conditional on granting of residency.

While many WA industries struggle to find key workers to satisfy skill gaps, any disincentive to permanent settlement in WA should be diminished. Removing the FBS will improve WA's attractiveness to skilled workers in a highly competitive employment environment and transition WA's population from transient to transformational by incentivising permanent settlement.

Case Study

A corporate executive and their family relocated to Perth on a Temporary Skills Shortage Visa and were working through the process of having Permanent Residency (PR) granted via their employer. The family is seeking to acquire a family home. However, they cannot settle on a transaction until PR is granted.

A business owner who resided in Perth as the holder of a Significant Investor Visa, who was also willing to purchase a home while having PR processed, incurred an additional seven per cent stamp duty surcharge when PR was processed following settlement.

These examples highlight how skills workers are forced to remain out of the property market and are disincentivised to stay in of Perth permanently.

Addressing purchasing barriers impacting new migrants is particularly relevant issue in a post COVID-19 environment given current protracted timeframes for the processing of permanent visas, and reduced retention of skilled migrants in WA given the smaller numbers of these professionals entering the market due to border closures.

3,000 fewer residential dwellings entering the rental market since its inception in 2019. Further investment from foreign buyers is required to improve the state of the WA rental market, and barriers to that investment should be abolished.

Importantly, migrant and international investors do not compete with local buyers in the established market. This is the case as, in most instances, foreign purchasers are limited in the types of homes that they can purchase, and are only able to buy off-the-plan or newly built apartments, townhouses, or houses, as well as vacant land for residential development. The immediate removal of the FBS will boost the supply of new homes, improve WA's ability to attract skills, and simultaneously improve rental availability in WA, allowing more people considering building a life in the state to remain permanently with greater rental stability.

5.2 Attract more interstate workers to alleviate skills pressures

Despite the return of international migration following the pandemic, a recent decision by the federal government to reduce migration numbers means WA businesses need to be empowered to attract talent from other Australian jurisdictions to meet existing workforce gaps.

The incoming government should introduce a two-year payroll tax rebate for employers that relocate employees from other Australian states. Under the proposal, an employer who relocates an employee to WA would be reimbursed the payroll tax contribution for that employee once they have been domiciled in WA for two years.

Based on an annual salary of \$100,000, the reimbursed amount per worker would be roughly \$11,000. However, the rebate could be tiered, with regional employers eligible for a full rebate and metro employers for a partial rebate. The proposal could support companies in offsetting the costs associated with relocating workers and incentivise businesses to shift towards permanent relocation rather than opting for a fly-in-fly-out employment model.

5.3 Allow migrants to arrive in WA job ready

Invest and Trade WA currently operates 12 offices globally, with an additional three offices in development. Having offices abroad presents an opportunity to pre-accredit individuals intending to come to WA with the necessary certification, addressing qualification requirements proactively before their arrival.

Currently, individuals arriving from overseas must undergo qualification assessments upon reaching Australia. This process can be time-consuming and may hinder new migrants from earning money in their chosen careers while awaiting the necessary skill assessments. Leveraging our global offices to facilitate accreditation beforehand could streamline this process and provide a more efficient pathway for skilled migrants entering WA.

5.4 Fund the 'Girls in Property' Program

Girls in Property offers female high school students the opportunity to engage with property industry leaders, explore exciting property projects and gain an insider's view into the industry. The program emphasises the broad range of jobs and professions to choose from across the spectrum of the property industry.

A state government funding contribution towards the Girls in Property program, hosted by the Property Council, would allow the initiative to expand and reach more high school students. It would encourage greater workforce participation by showcasing the local opportunities for education, skill development and job prospects after high school graduation. The program is an efficient way to highlight the range of future job opportunities and identify both the skills and training needed to fill those roles.



6. Making Perth the economic epicentre of the WA economy

A thriving capital city is essential to the success of a state. Capital cities serve as the economic, cultural, and social hub and play a crucial role in driving economic activities, host the headquarters of business and finance and operator as a centre of employment opportunity.

Characterised by a stunning waterfront across the Swan River, the Perth CBD is set apart by its unique blend of modern infrastructure and natural beauty, offering a picturesque backdrop to the city's commercial and cultural activities. As the city evolves with ongoing investment delivered under the Perth City Deal, Perth is set grow into a thriving business environment, that coexists harmoniously with outdoor spaces and recreational opportunities, making it a vibrant and inviting urban centre.

To ensure investment in Perth is maximised, a commitment to a shared vision for the continued evolution of the CBD is required.

Recommendations:

6.1 Activate the waterfront to enhance active transport and tourism

The Swan River and its waterfront stand as iconic yet underutilised assets within the Perth CBD. The ongoing development at Elizabeth Quay has showcased the potential for development to seamlessly merge with the river's natural beauty. This development has not only been a driving force behind positive investments in the CBD, but has also garnered international attention, creating lucrative opportunities for business and workforce attraction.

With plans underway to upgrade the Perth Convention and Exhibition Centre and to establish a Cultural Heritage Centre near the foreshore, the incoming government has a timely opportunity to proactively explore enhancements to public transport along the Swan River, fostering better connections to growth hubs like Crawley, Applecross, and Burswood. Additionally, consideration for the creation of more public berthing spaces for small boats and the exploration of additional shorefront activations, such as the Elizabeth Quay Floating Venue licence³² is essential.

These strategic improvements will not only add to the overall allure of the CBD but also align with the evolving needs and interests of the residents and visitors alike.

6.2 Creating a safe and secure CBD to enhance visitation and a permanent population

It is well supported that a residential population in the CBD will develop the economy. As outlined in Project 90k, "more density will create more energetic places, more viable businesses and improve housing choice, safety and transport options".³³

For several years, antisocial behaviour has been recognised as a factor contributing to elevated commercial vacancy rates, reduced business confidence and a challenge to the creation of a robust residential population in the CBD. Several programs have been instituted to improve security within, and improve the experience of the CBD.

The Property Council encourages the incoming government to continue funding programs that reduce antisocial activity in the CBD by:

1. Affirming commitment to supporting a residential population of 90,000 by 2050
2. Making permanent funding for Operation Heatshield
3. Funding improvements to lighting through key pedestrian and passive transport corridors
4. Providing funding grants to retailers to support staff training on managing antisocial behaviour and shoplifting
5. Establishing a permanent and visible police presence in the malls, such as small office or Police Beat, like the model used in Brisbane's Fortitude Valley.



Figure 10: Police Beat office in Fortitude Valley³⁴

7. Lead Australia in new industry attraction and digital transformation

7.1 Commit to an extension of the New Industries Fund past 2025 to continue to support the acceleration of new and emerging businesses in WA

Promoting a robust startup ecosystem in Western Australia could bring numerous advantageous economic outcomes. These advantages include increased demand for office space, the diversification of the economy through the promotion of emerging industries, the facilitation of skill development and the creation of new job opportunities.

Furthermore, it would position Perth as a prominent player in the global startup arena, particularly in close proximity to Asia, once international labour mobility is reestablished.

By committing to the extension of the New Industries Fund announced in 2021, the state government would demonstrate their ambition to create a thriving startup culture in WA.

7.2 Driving government efficiency through a digital-first approach

The evolution of technology has improved productivity and information-sharing processes across all industries. However, historically, governments have been slow to adopt technology. To ensure WA government sector can operate transparently and efficiently, the implementation of a digital-first strategy is needed to advance government processes.

As highlighted in Infrastructure WA's State Infrastructure Strategy report, implementing these technologies requires prompt data-driven decision making with flexible service delivery models³⁵.

Initiatives such as Landgate's Spatial WA program and the City of Stirling's Fast Track (Development Applications) showcase how governments can successfully migrate their processes to digital platforms. Embracing a digital-first approach would bolster industry and consumer trust while enhancing oversight and confidence in the approval processes.

7.3 Lead the national conversation on funding and building alternative energy infrastructure for heavy haulage freight vehicles

Road trains and heavy haulage vehicles are a significant contributor to road transport emissions. Between 2020 and 2050, road freight is expected to grow by 77 per cent, as contract rail, air and shipping, are all near, or have seen their peak³⁶. While several major industrial and logistics providers are exploring the transition of their fuel vehicles to alternative energies, such as battery electric or hydrogen vehicles, a commitment to supporting infrastructure is crucial for the widespread deployment of these new technologies.

The Property Council recommends the incoming government develop a strategy that funds, supports the delivery of, and expands a resilient alternative energy road network while considering the state's grid capacity and optimum locations to facilitate wider uptake and use of next generation vehicles. The strategy should include a mechanism to coordinate private sector investment and deployment in new technology and underwrite collaborative research and development projects. It is crucial that this strategy also explores opportunities to harmonise requirements across states.

Investment in this space will assist in futureproofing WA's freight capacity and also provide improved contingency for east-west freight, which natural disasters have impacted in recent years.



8. Pragmatic governance for powerful growth

Effective governance and streamlined government efficiency are essential to enhancing and safeguarding the cost of living while maximising prudent expenditure. By eliminating bureaucratic hurdles and minimising resource wastage, governments can better prioritise responsible resource allocation, curbing unnecessary expenditures and optimising public funds. Robust strategic governance elevates community satisfaction by addressing cost-of-living concerns and supports sustainable economic growth through compelling, efficient government interventions.

8.1 Address cost of living challenges by incentivising Local Government amalgamations to improve efficiency and mitigate against rates increase

The Perth Metropolitan Area has almost as many local governments as Sydney and Melbourne, despite having less than half the population of both cities.

Local governments have significant responsibility in the creation and administration of planning frameworks to guide development outcomes for their communities, often under delegated authority from State agencies, such as the Western Australian Planning Commission. To achieve an efficient and responsive planning system statewide, local governments must be able to meet their planning obligations as set by state government policies and objectives.

The Property Council believes that the voluntary amalgamation of local governments will maximise their efficient operation and service delivery, ultimately reducing rates.

Previous amalgamations of rural local governments have led to better efficiency and service for ratepayers. The Property Council notes the creation of the Shire of Broomehill-Tambellup in 2008 following the decision of the shires of Broomehill and Tambellup to merge. The ultimately successful series of mergers that established the City of Greater Geraldton between 2007 and 2011 is another example of community leaders leveraging the benefits that a larger council base provides.



8.2 Preserve funds for future countercyclical investment

It is well known that the WA economy benefits strongly from mining royalties, making the overall performance of the state more susceptible to commodity markets, and resulting in a history of more substantial peak and trough in economic performance.

However, consecutive years of strong economic performance means the state is now well positioned to set in place a plan to improve its economic resilience in the face of any future global headwinds. Strong economic conditions tend to spur calls to “spend the surplus”. The Property Council instead recommends that the incoming government to think strategically about building the state’s economic resilience by setting aside funds for countercyclical investment.

This approach will provide critical support to key industries through private market downturns. It also ensures better returns on investment for government. Looking at the current market, the cost of delivery on social infrastructure, such as public housing, is limiting the potential return on investment that can be achieved. During periods of economic downturn and reduced competition, the costs associated with infrastructure delivery are reduced meaning government investment can yield better returns on expended funds.

Additionally, countercyclical investment by governments stimulates economic activity in the general community during periods of economic downturn, allowing companies to retain their work force, thus keeping vital skills in WA and reducing dependence on social welfare.

To ensure the funds set aside as part of a countercyclical investment fund or Future Economic and Infrastructure Fund are allocated in accordance with the government ambitions for the expenditure, the Property Council proposes a hypothecation mechanism be established to tie allocated funds to particular asset/project typologies, such as social infrastructure.

This bold reform would risk mitigate against historical cycles of boom and bust and allow government to deliver best value for money outcomes for taxpayers, and securing WA’s future economic success.

8.3 Encourage a culture of collaboration between industry and government to enable improved project delivery

The functions of the state government are supported by robust entities created for public purposes.

To achieve bold reforms and address urgent social issues such as housing supply it is crucial the government sector both comprehends and feel empowered to deliver the vision of the state government. It is often perceived that across agencies a coordinated approach to achieving desired outcomes is not always adopted, with siloed decision and policy making resulting in delays and inconsistent approval requirements. Shifting thinking necessitates the development of a culture wherein every tier and division of government approaches decision-making with a focus on addressing governmental priorities.

To foster improved collaborations, leadership is required to transform the culture within key approval agencies. This transformation involves shifting from the existing culture, where government assessors might default to a position of refusal when evaluating projects. Cultivating a collaborative culture within these departments necessitates leadership that empowers collaboration throughout the assessment process. Moreover, departmental KPIs should be aligned to prioritise and expedite approvals.

When applying this idea to housing, all parties should consider, in policy and practice, “are these actions helping or hindering the delivery of housing that is affordable, diverse and well-located?”



Powering a greener future



Preparing Western Australia to embrace a clean energy future is a significant undertaking that demands strong government leadership. A wealth of resources are available to assist in embedding sustainability in policy development, including the United Nations Sustainable Development Goals. When considering a greener policy approach, pragmatism must also be adopted to avoid social disruption or rapid cost escalations.

Industry is playing a pivotal role and working proactively to advance the environmental footprint of our built environment toward cleaner and more efficient practices. It is crucial for government, and supporting agencies, recognise their responsibility in ensuring the pursuit of net-zero goals is not hindered by inadequate resourcing or delayed adaptation to the changing needs of industry.

9. Government to lead net-zero preparation

9.1 Ensure government entities and agencies are well resourced for an energy transition

In recent years, Property Council members have faced challenges from government agencies being inadequately resourced, resulting in significant delays to projects. A prominent example of this is Western Power. The agency was slow to respond and evolve following an increase in demand for services, leading to protracted approvals processes and delivery schedules. These delays continue to adversely impact the time and cost of critical built-form infrastructure, such as housing.

Despite Western Power's acknowledgement of the issues facing it, greater oversight and government responsiveness is needed to ensure government monopolised services are appropriately resourced to meet demand.

The Property Council proposes government establish a surge capacity fund to support agencies in recruiting and/or outsourcing additional support at times of elevated demand. The proposal is particularly pertinent as agencies prepare to meet the significant energy transition objectives.

9.2 Commit to funding the conversion of new and existing government owned and leased buildings by 2030 to ensure they are zero-carbon-ready

The state government has a significant market presence in WA's property sector and can leverage its substantial property portfolio to drive improvements in building energy performance. Leading from the front by upgrading assets would not only reduce emissions, but also deliver significant financial savings for the public sector and build skills and capability in the market. It would assist in maintaining current government leasing agreements, rather than moving to new premises with higher associated costs and lease rates.

A state government-led strategy would align with the federal government's Net Zero in Government Operations Strategy, which highlights that office buildings in capital cities must have a 5.5 NABERS Energy rating to sign a lease with a Commonwealth entity³⁷. A specific built-environment target reinforces the net-zero targets already laid out by the state government and places the state government in a leadership position, ultimately encouraging similar commitments from local governments and Australian property companies.



10. Enable private sector innovation and leadership

10.1 Reduce barriers and support innovation in distributed energy resources

Reforms that reduce barriers to the connection of distributed energy, embedded networks and demand response should be adopted, including a nation-wide consistent approach on how standards for connection are set, governed, and applied. The state government should collaborate with the federal government to implement recommendations from the Property Council and Clean Energy Finance Corporation's joint report *Distributed energy in the property sector: Unlocking the potential*³⁹, which identifies barriers to distributed energy in property, and proposes solutions to address them.

10.2 Empower businesses to understand their environmental performance

To improve the environmental performance of buildings, it is critical to set a benchmark for improvement. The incoming government can support more businesses to take a proactive approach to improving the performance of their assets by providing grants. These grants will allow commercial businesses to fund environmental performance monitoring equipment or software to allow measurement and monitoring of asset performance.

To ensure the grants are impactful in improving asset performance, reports may be required to demonstrate improvement. Additional funding may also be made available for businesses to undertake a NABERS, Green Star or similar rating tool assessment, with funding awarded based on improvements made. The Property Council can assist in developing relevant criteria for implementation.



About the Property Council of Australia

The Property Council of Australia is the peak industry body representing the whole of the property industry. In Australia, the Property industry employs more than 1.4 million Australians and shapes the future of our communities and cities.

As industry leaders we support smarter planning, better infrastructure, sustainability, and globally competitive investment and tax settings which underpin the contribution our members make to the economic prosperity and social well-being of Australians.

The Property Council WA membership consists of more than 300 member companies. They are architects, urban designers, town planners, builders, investors and developers. Our members conceive of, invest in, design, build and manage the places that matter most – our homes, retirement living communities, shopping centres, office buildings, education, research and health precincts, tourism and hospitality venues.

This election platform is informed by Property Council's membership and expert committee members.



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