1 October 2024

Queensland's 33,000 lost homes

Queenslanders have lost out on 33,000 much-needed new homes and tens of thousands of jobs since the state government introduced a suite of cash-grabbing, investment-killing taxes eight years ago; according to new research into the state's housing crisis by the Property Council of Australia.

The independent research, prepared by Queensland Economic Advocacy Solutions (QEAS), provides eight years of evidence that the state's short-sighted and small-minded tax regime on international capital, which was further increased by the Treasurer in this year's State Budget, has hurt Queenslanders and exacerbated the state's housing crisis.

"These apartment-killer taxes were sold to Queenslanders as a solution to a perceived influx of overseas buyers looking to crowd them out of housing, but in reality, they've put the handbrake on housing delivery all together," Ms Caire said.

"These ill-considered taxes have only worsened Queensland's housing issues by driving away the global capital that backs Australian-based developers who deliver new homes at scale and bring community-building projects to life.

"The almost 33,000 homes that could have been built over the last eight years would be more than enough to house the population of Rockhampton,"

"The independent report also found total international investment, critical in delivering Queensland homes, has fallen 83.9 per cent since the tax regime was introduced in 2016, resulting in the state losing out on an estimated $17.8 billion in housing investment and between 21,129 and 37,972 Queensland jobs,"

"Many of the companies that rely on international capital to fund their projects are household names, have been based in Queensland for decades, and employ thousands of Queenslanders," Ms Caire said.

"So not only have these taxes killed off homes, but they're also killing off Queensland jobs.

"Ironically, the state has also lost out on revenue to the tune of nearly $100 million in stamp duty and land tax since the introduction of these taxes.

"It's no wonder boardrooms around the country, and the world, are looking at Queensland and shaking their heads in disbelief, because despite all the promise and potential, the state's tax settings are effectively a big "you're not welcome" sign to institutional capital.

"Queensland is sometimes unfairly viewed as behaving like a regional town and taxes such as this do nothing to dispel that notion.

"If we want to take the next step as a global city, we need to become more sophisticated and welcoming of the capital and ideas that support growth and better living.

"We are simply asking for a fair go for these Australian-based companies, so they can get on and do what they do best - funding job-creating local projects and producing new homes – particularly for the 30 per cent of Queenslanders who rent.

“We welcomed the Treasurer’s announcement of a tax review in July; however, it’s disheartening that so far it has been just that – a public announcement - with no follow up or engagement with industry, despite our best efforts.

“This lack of consultation does little to boost confidence or build trust, and we are genuinely concerned it will become a Trojan Horse for more taxes on the industry, with little heed of the consequences.

“It’s disappointing to have one arm of government focused on fast-tracking planning and housing supply - and delivering more initiatives than ever - only to have the other arm twisted behind their back by Treasury,” she said.

The Property Council is calling upon both the Government and Opposition to commit that a tax review that will:

- Be conducted independently of Treasury and chaired by an independent tax expert;
- Include appropriate peak bodies in setting the Terms of Reference and;
- Include a commitment to no new or increased taxes or charges across the entire property sector.

The independent research presented in the Property Council’s report, *“Time for a fair go – How un-Australian taxes are hurting Queenslanders”,* was prepared by leading independent research provider QEAS.

ENDS

Attached: *Infographic with key facts from the Property Council of Australia’s report “Time for a fair go – How un-Australian taxes are hurting Queenslanders”.*

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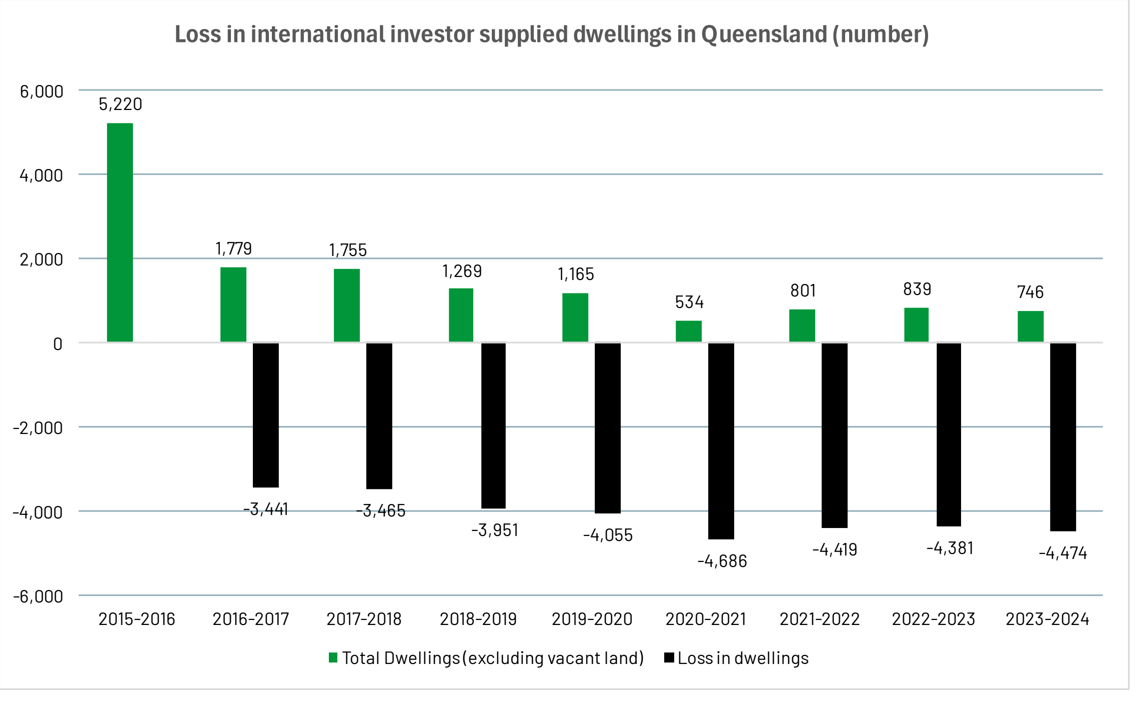
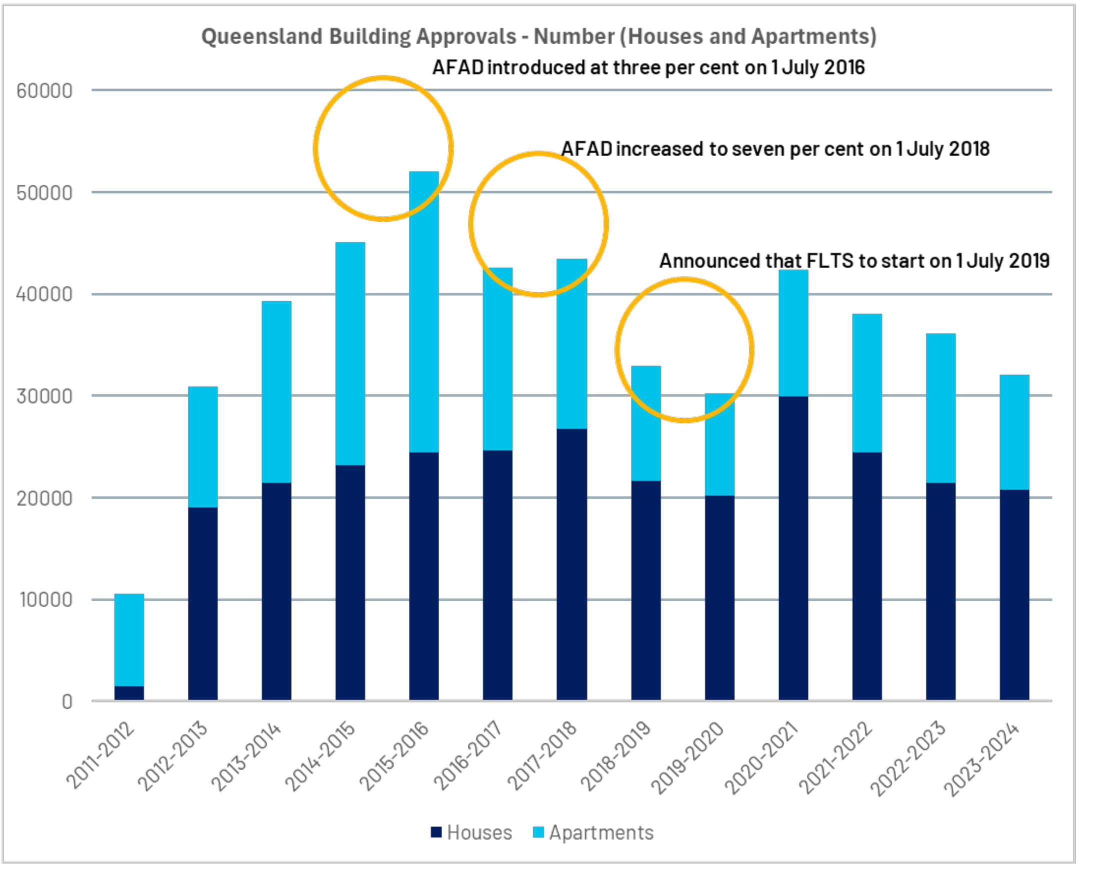
Key Graphs


Loss in international investor supplied dwellings in Queensland (number)
6,000
4,000
2,000
0
-2,000
-4,000
-6,000
5,220
1,779
1,755
1,269
1,165
534
801
839
746
-3,441
-3,465
-3,951
-4,055
-4,686
-4,419
-4,381
-4,474
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020
2020-2021
2021-2022
2022-2023
2023-2024
Total Dwellings (excluding vacant land)
Loss in dwellings


Queensland Building Approvals - Number (Houses and Apartments)
AFAD introduced at three per cent on 1 July 2016
AFAD increased to seven per cent on 1 July 2018
Announced that FLTS to start on 1 July 2019
60000
50000
40000
30000
20000
10000
0
2011-2012
2012-2013
2013-2014
2014-2015
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020
2020-2021
2021-2022
2022-2023
2023-2024
Houses
Apartments

History of Additional Foreign Acquirer Duty (AFAD)

On 1 July 2016 the Queensland Government introduced a new 3 per cent surcharge on stamp duty for foreign investors purchasing residential property in Queensland. The Queensland Government then increased the surcharge in Queensland to 7 per cent on 1 July 2018. As part of the latest State Budget delivered 11th June 2024 AFAD was increased to 8 per cent.

History of Foreign Land Tax Surcharge (FLTS)

In addition, a foreign land tax surcharge of 2 per cent applies to foreign corporations and trustees of foreign trusts and was announced as part of the Queensland State Budget in June 2019 and was initially intended to take effect from 30 June 2019 but was subsequently delayed to 30 June 2020. The Surcharge generally applies to taxable land valued at $350,000 or more owned by "foreign companies", "foreign trusts" and absentees. From July 2024, the Queensland Government increased the surcharge from 2 per cent to 3 per cent.

Trustee of a foreign trust

You are a trustee of a foreign trust if at least 50% of the trust interests are held by:

• an individual who is not an Australian citizen or permanent resident

• a foreign company

• a trustee of a foreign trust

• a related person of any of the above.

Your interest in a trust as a beneficiary is the percentage of the value of your entitlement under the trust. There are special rules for discretionary trusts where only 'takers in default' (i.e. people whose entitlements as beneficiaries result from the trustee not exercising their discretion) of an appointment by the trustee have a trust interest.

Foreign Trust - Your company is foreign if:

• it is incorporated outside Australia

• foreign persons or related persons of foreign persons have at least 50% controlling interest

This results in Queensland being far less competitive than States such as NSW despite the overall tax rates being comparable. Simply put, Queensland casts a wider net, capturing those companies that invest in and contribute to a better Queensland.