PROPERTY COUNCIL of Australia

PROSPERITY | JOBS | STRONG COMMUNITIES

Media Release: ACT Budget 2017-18

Budget well focused for changing city, but more needed on housing affordability

ACT Executive Director Adina Cirson has today said she is pleased with economic outlook of the ACT as outlined in the 2017-18 budget which will see the budget to return to surplus next year and the commitments given for revitalisation of our city centre and town centres, but said more could have been provided to address housing affordability.

"The budget shows that the ACT continues to be one of the leading jurisdictions in economic activity at 3.4 % - well ahead of national average of 2.6%, with a growth rate second only to NSW. This is being driven by diverse range of activity, Housing, Construction trade, transport, pubic administration and retail which are all pushing growth.

The budget also highlights the growing importance of our education sector to as an export service, and an area Canberra is well placed to build on. These factors combined with continued population growth of 6,000 new Canberrans every year, provides great hope for our continued contribution to the national economy.

"Commitments made under the Infrastructure Investment Program are welcome and will build over the forward estimates – delivering on average of $600 million per year over four years, to drive construction, improve our public transport network and create jobs. The budget clearly outlines continued support for local businesses to grow, expand and innovate, and support for women to enter male dominated trades ($1 million) and enable more night life in the city.

"The Property Council was particularly pleased to hear the Chief Minister's commitment to a city centre that the national capital deserves – increasing residential development and new investment by government and the private sector seen to be a key priority, together with new investment in town centres, transport corridors and urban renewal, Ms Cirson said.

These commitments have been matched in the budget with a $59 million commitment over the forward estimates to enable the City Renewal Authority to get on with this revitalisation work, including city to the lake progression, and $20 million for planning and development of the City Hill and Lakeside Precincts.

"We note the increased commercial rates charges are unchanged from those announced in last year's budget – around 6 percent for commercial sector, but we continue to urge the government to get on with tax reform and abolition of stamp duty across the board, Ms Cirson said.

2017-18 will see the almost halving of commercial stamp duty this year and abolition next year for properties with a value of less than $1.5 million and this is a move in the right direction, despite the number of commercial transactions set to benefit likely to be minimal.

"We will continue to make the point that tax reform must be revenue neutral and it is important that land rates don't increase disproportionately to the decreases in stamp duty.

"We are also very disappointed to see an increase in the Lease Variation Charges (LVC) under the Unit Titling Variation on certain residential leases in the order of $3 million a year over four years. Whilst

we support a clear path to charging regimes which can be delivered through flat fees which are transparent and give certainty - particularly for the LVC – this increase will mean the difference between paying $7,500 up to $30,000 per dwelling. This increased charge is without the benefits of reform of LVC being announced which we hope will see deferred payment of LVC until the end of a project, remissions for conversion of tired office stock and further simplification of the charging schedules.

"We remain hopeful however that the Government is committed to creating certainty to the property sector about the Lease Variation Charge through necessary reforms that will make all the difference to viability of projects on key renewal sites, and take some comfort in the government's assurances that they are actively considering these necessary reforms.

"We also want to see more done on housing affordability, and are disappointed this did not feature as a key objective in the budget. We are also disappointed that a move to tax owners of units $480 more a year if they are rented out, and runs counter to the government's objectives to get more affordable rental product in the market. However, we will continue to engage with the ACT Government on collectively addressing the most fundamental of challenges in our community, as we see the city transform and grow.

"We intend to continue to work with the ACT Government to get the policy settings right, and maintain the momentum at this critical time in our cities transformation, Ms Cirson concluded.

6 June 2017

Media contact: Adina Cirson |M 0429 579 972|E acirson@propertycouncil.com.au