



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

**SELECT COMMITTEE ON ESTIMATES 2017-18**

MR WALL MLA (CHAIR), MS CODY MLA (DEPUTY CHAIR), MR COE MLA, MS LE COUTEUR MLA, MR PETERSSON MLA

**COMMUNITY AND INDUSTRY REPRESENTATIVE GROUPS SURVEY**

SURVEY OF COMMUNITY AND INDUSTRY GROUPS ON THE  
ACT BUDGET 2017-18 PRESENTED BY THE ACT GOVERNMENT ON 6 JUNE 2017

If you wish to respond to this survey, please return it to [committees@parliament.act.gov.au](mailto:committees@parliament.act.gov.au) by **3.00pm Friday 9 June 2017**. If there is insufficient room for any of your comments, below, please append additional comments.

**1. Full name of group/organisation:**

Property Council of Australia (ACT Division)

**2. Name of contact person for this survey and their telephone number and email address:**

Adina Cirson, Executive Director. [REDACTED]

**3. Please provide a brief overview of your organisation/group and its purpose.**

Representing almost 140 member companies in Australian Capital Territory and a network of around 2,500 individuals, we strive to deliver excellence to our members by providing market insights, networking, and professional development opportunities.

Our members represent the full spectrum of the industry, including those who invest, own, manage and develop in all sectors of property, creating landmark projects and environments where people live, work, shop and play.

The Property Sector is the second largest industry in the ACT, employing more than 25,000 Canberrans directly and supporting a further 24,000 (1 in 9 Canberrans). We help drive economic growth – contributing 12.1 pc of our economic activity. We contribute 55 per cent of all taxes rates fees and charges to the ACT economy.

As a not for profit member association we prioritise our time and energy on advocating for policies which are in the business interests of our members and build prosperity, jobs and a strong Canberra community.

**4. Has your organisation/group developed a written analysis of the ACT Budget that it would like to submit to the Committee?**

Yes\* (If yes, please email it to the Committee Secretariat with your completed survey.)

No

**5. Please list, in order of priority, your three key priority areas regarding the ACT Budget 2017-2018 (you can expand on these in Question 6):**

*\*If completing this form electronically, simply double click the Yes/No field and choose "checked" to insert a cross.*

- a.** Investment in city renewal and investment in infrastructure
- b.** Equitable taxes, rates and charges which do not place an unfair burden on the private sector, act as a disincentive to development, and enable economic growth which benefits all.
- c.** Housing affordability.

**6. Please provide details of your views on the ACT Budget in relation to your three priority areas?**

- a. 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. 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 important revitalisation work, including city to the lake progression, and \$20 million for planning and development of the City Hill and Lakeside Precincts.

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.

**b. Rates and Stamp Duty**

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.

In the residential sector we are concerned about the 20 percent increase for unit owners. This will on average add \$150 to rates payable on units per annum.

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.

**Increase in residential lease variation charges**

The Property Council has continually called for a fair and transparent infrastructure contribution in regards to the Lease Variation Charge (LVC). Further, it must be recognised that the LVC in its current form not only acts as a disincentive to development – where it is needed most - but increasing rates of LVC will also continue to have an effect on the quality of development.

This budget however will see a significant increase in LVC required to enable unit titling on certain residential leases – up from \$7,500 to \$30,000 per dwelling effective 1 July 2017. We were disappointed that this measure caught the sector completely by surprise – particularly since its impact will undermine good government policies on urban renewal and housing choice.

It is anticipated that this charge which has increased 400 percent in this budget will act as a disincentive to development in our ageing suburbs, which will not enable developers to meet the 'missing middle' in the housing market, stifle ability to deliver product for 'ageing in place' and is counter to the objectives of urban renewal and housing affordability. One Property Council member has provided an example of three single residential leases that were to be amalgamated into one - to deliver 16 townhouses in O'Connor - an area in need of renewal and where demand for housing choice is highest. Yet, the new development with the increased charge applied, results in a diminished value of that land - to the point that the value of the land will be less with the development, than without. As such this development will not proceed based on the proposed increased charges.

The Property Council anxiously awaits reform of LVC to make its administration fairer, more transparent, enables development where it is needed and gives certainty at the point of land purchase.

**Land Tax on vacant properties**

From 1 July 2018 the Government will extend land tax to all residential dwellings that are not the owner's principal place of residence, whether they are rented or not. Under the current system, land tax is only charged on residential properties that are rented or owned by a company or a trust. It is anticipated revenue will total \$6 million/four years.

The Government says this initiative is aimed at increasing the number of residential properties available for rent and therefore helping to put downward pressure on living costs. However, the Property Council's position is that if this is a 'housing affordability measure' then it only makes sense if the land tax was relieved on investment properties that were rented - so we doubt this will have the desired effect.

- c. We were hopeful that we would have seen 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 positively engage with the ACT Government on collectively addressing the most fundamental of challenges in our community, as we see the city transform and grow and understand that a comprehensive and an inclusive strategy that addresses both supply and demand is critical to get right. We have been actively engaged by the ACT Government through the Ministerial Advisory group on development of a strategy and remain positive that this inclusive approach will see a strong, long term strategy delivered.

**7. Are there any other particular issues with the ACT Budget that you would like to bring to the Committee's attention?**

Yes     No

**a. If yes, please comment/attach further details:**

**The overall economic position of the ACT Economy is strong and the Property Council acknowledges the significant investment made in infrastructure across the city at a critical time in the cities transformation.**

**8. Did you provide a pre-budget submission to the ACT Government for 2017-18?**

Yes (go to question 9)     No (go to question 10)

**9. Do you think that the ACT Budget has addressed the issues raised in your submission?**

Yes     No     Partially

**a. If no/partially, please comment**

**10. Does your organisation/group wish to be considered to provide its views in a Committee public hearing on Friday 16 June 2017, at the Legislative Assembly, London Circuit, Canberra.**

Yes       No

*If you indicate yes, and the Committee selects you to appear at the hearing, the Committee Support Office will contact you by close of business Wednesday 14 June 2017 to confirm arrangements. Please note that the Committee may not be able to hear from all interested groups/organisations.*

**Thank you for contributing to the inquiry.**

---