STATE DEVELOPMENT, INFRASTRUCTURE AND WORKS COMMITTEE

Members present:
Mr JJ McDonald MP—Chair
Ms JM Bush MP
Mr TA James MP
Mr D Kempton MP
Mr SR King MP
Mr BJ Mellish MP

Staff present:
Ms S Galbraith—Committee Secretary
Mr G Thomson—Assistant Committee Secretary

PUBLIC HEARING—INQUIRY INTO THE REVENUE LEGISLATION AMENDMENT BILL 2024

TRANSCRIPT OF PROCEEDINGS

Thursday, 23 January 2025

Brisbane

THURSDAY, 23 JANUARY 2025

The committee met at 9.31 am.

CHAIR: Good morning. I declare open this public hearing for the inquiry into the Revenue Legislation Amendment Bill 2024. My name is Jim McDonald, member for Lockyer and chair of the committee. With me here today is: Ms Jonty Bush, member for Cooper and deputy chair; Mr Terry James, member for Mulgrave; Mr David Kempton, member for Cook; Mr Shane King, member for Kurwongbah; and Mr Bart Mellish, member for Aspley.

The purpose of today's hearing is to assist the committee with its examination of the Revenue Legislation Amendment Bill 2024. The bill was introduced into the parliament on 12 December 2024 by the Hon. David Janetzki MP, Treasurer, Minister for Energy and Minister for Home Ownership. The bill was referred to this committee for detailed consideration and report.

This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the hearing at the discretion of the committee.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages.

Committee members and witnesses, please remember to press your microphones on before you start speaking and off when you are finished. Please turn your mobiles phones off or to silent mode.

COX, Mrs Anna, Director, Policy and Regions, Urban Development Institute of Australia Queensland

MERCORELLA, Ms Antonia, Chief Executive Officer, Real Estate Institute of Queensland

ZALTRON, Mr Martin, Manager, Policy, Urban Development Institute of Australia Queensland

CHAIR: I now welcome representatives from the Urban Development Institute of Australia Queensland and the Real Estate Institute of Queensland. Would each organisation like to make an opening statement, before we start our questions?

Mrs Cox: The institute would like to thank the committee for the opportunity to provide information at this morning's hearing. As most of you would be aware, the Urban Development Institute of Australia Queensland is the state's leading body for property development. Our membership comprises planners, developers, engineers, builders and a wide range of other professions involved in the delivery of residential housing. Overall, our industry is responsible for the delivery of 97 per cent of new housing in Queensland. Our advice and recommendations are also backed by the data we receive from our research foundation, which has now been running for 10 years. We also take time on bills such as these to consult with our 12 regional branches across Queensland. For the remainder of our statement, we will refer to ourselves as the institute.

Members of the institute do firmly believe that housing is a human right. It underpins a safe and prosperous life for families and individuals. In the face of a severe and currently unabated housing crisis unfolding throughout the entirety of Queensland, it is critical that no stone is left unturned in the quest to enable Queenslanders to reach their housing dreams.

As part of the effort to address the housing crisis, the institute has provided many recommendations, both to the Queensland government and the Queensland parliament via these committees, across a wide range of topics around legislative and regulatory reform, whether that is planning through the Planning Act, infrastructure funding, budgets, or a range of regulatory changes. In our view, housing is a system and you need to work at it at every level.

Overall, however, the key message is that the only solution to the housing crisis is additional supply. There are many things that need to be done to feed into that, but fundamentally the important thing to remember is that supply is the only answer. We need more houses of all types everywhere.

Having said that, there is no doubt that some groups of Queenslanders are facing an even greater challenge than others acquiring private home ownership. First home buyers are obviously the group we are talking about today. In the 1990s it took about six years to save your 20 per cent deposit for a typical dwelling as an average household. It now takes more than 10 years. A first home loan now entails more risk since the purchaser is borrowing a much larger share of her or his lifetime income to purchase that house. Borrowers live with that risk for much longer. Between 1981 and 2016, home ownership rates among 25- to 34-year-olds fell from more than 60 per cent to 45 per cent. As rent generally tracks wages, none of these things are getting cheaper over time.

With regard to this bill and its proposed measures, we understand that Treasury estimates a broad indication that around 3,000 first home buyers per annum could benefit from this measure, costing around $47 million per year or $15,600 per new home. For a range of reasons, the institute supports the proposed changes to the Duties Act so that eligible first home buyers for new homes do not have to pay transfer duty. This can address a range of issues, including the affordability gap that is particularly a concern for first home buyers, noting that the cost of new homes more often exceeds the present $700,000 threshold. As we know, houses in Brisbane and on the Gold Coast are now around $900,000 to $1 million. As first home buyers move into a new home that they buy, they actually free up the rental property that they moved out of. There is also some movement in the market there. Generally, this does have potential to add somewhat to the supply of housing in Queensland.

As I said, the institute supports these changes and also supports the changes to allow new home buyers to rent out part of their property for reasons that that can assist with overall affordability during a highly stressful financial period, particularly for those groups who are in the early family formation stage of life.

In closing, the first home buyer concession is not going to solve the Queensland housing crisis. However, it does have a role to play along with those other land supply, infrastructure and regulatory reforms that are required. It does provide a helping hand to first home buyers to give them a leg up when they are being pushed further and further behind. It will have some of the knock-on effects such as freeing up another home. For these reasons, we support the bill and are very keen to see further discussion of this measure and other measures to assist first home buyers.

Ms Mercorella: Good morning chair and committee members. Thank you so much for the opportunity to provide our views and input in relation to the Revenue Legislation Amendment Bill 2024. I will refer to it as the bill hereafter. I will say a little about who we are. The REIQ is the peak body representing the real estate profession in Queensland. As the state's most trusted and influential advocate for real estate interests for more than 106 years, the REIQ's enduring purpose is to lead a sustainable industry which makes important contributions to government legislation and policy settings and advocates for balanced regulations for the benefit of all stakeholders in the housing sector.

The REIQ's vision statement is 'for the real estate profession'. Consequently, we extend our support and expertise beyond just our membership and to the broader real estate community. The REIQ believes everyone should be able to make educated, informed decisions about buying, selling or renting property and businesses in Queensland.

As the committee is no doubt aware, Queensland is in the grips of a housing crisis. We have the lowest levels of home ownership of any state in the nation—sitting at a mere 63.5 per cent. Meanwhile, in our rental market the statewide vacancy rate is a mere one per cent. For some context, the REIQ classifies a rental market as healthy when that vacancy rate sits somewhere between 2.6 to 3.5 per cent. We are worlds away from what we would classify as healthy. These are concerning statistics and I think we can all agree not numbers we should take any pride in. All Queenslanders need a roof over their heads, whether we rent it or own it. When we have a situation where people are struggling to find a suitable rental property or to ever transition to home ownership it is a societal issue that impacts every one of us.

Over a number of years now the REIQ has called for urgent policy interventions aimed at increasing home ownership rates in Queensland to 70 per cent. There are many well-documented benefits associated with owning a home, both for individuals and the community. These include housing security and long-term social and economic benefits. For these reasons, we support this bill.

Importantly, this bill will abolish stamp duty for first home buyers of new builds and vacant land for the purposes of building a new home and will allow home owners to rent part of their property without losing important stamp duty concessions. In our view, these are sensible, commonsense policies which certainly align with the REIQ's vision of boosting home ownership in the Sunshine State and particularly helping first home owners take that crucial first step on to the property ladder.

Allowing home owners to rent out a room is a win-win policy. It helps to ease rental pressures in our state and it also helps the first home owner. We are very proud that the REIQ played a pivotal role in instigating this policy change which encourages Queenslanders to help house a Queenslander in established properties. We also support the abolition of stamp duty for first home buyers purchasing new homes or vacant home. We know that stamp duty is a costly tax that applies to property purchases and presents a considerable financial impost to those wanting to buy their first home.

In conclusion, the REIQ supports the policy changes and these initiatives which help to reduce the strain on the rental market and improve pathways to home ownership. We are in favour of the bill and we recommend its passage.

CHAIR: I will go to the deputy chair for the first question.

Ms BUSH: Good morning, everybody. Thank you for coming in and Happy New Year. This question is to anyone who would like to answer it. I will start with the context. In his introductory speech, the Treasurer stated that the government would like to boost the rate of home ownership in Queensland to be the greatest in the country by 2032. Is there any industry modelling of what that percentage would look like or the numbers that would be for Queensland? I know that Antonia you mentioned 70 per cent. I think that currently there are some jurisdictions where it is 72 per cent. By 2032, what do we anticipate that will look like?

Ms Mercorella: The average is sitting at 66 per cent. That is across all jurisdictions. It is important to note, however, that that also includes the Northern Territory where that figure is remarkably low for a range of reasons. As you have mentioned, there are other jurisdictions where it hovers around the 70 per cent mark. We have been watching Queensland steadily decline to where it sits today at 63.5 per cent. We realise that that goal of 70 per cent is rather ambitious. There will always be a component of our society who rents for a variety of reasons, but 70 per cent is certainly where we used to be and we think that is where we get a healthy balance of renters and home owners.

In terms of how we get there, I think this is an important step in the right direction. We are very realistic. This particular reform will not be the panacea. It is not just about one solution. It is about looking at a range of collective measures that can be implemented so that we can try to boost home ownership rates, not just in relation to first home owners either, I might add. I appreciate that today that is the focus given the bill before us. I think it is also important to understand that we know that people fall out of home ownership. In particular, women over the age of 55 is our fastest growing demographic of homelessness. We know that there is a range of issues that particularly impact that demographic. It may well be that for various reasons you have fallen out of home ownership, so I think it is really important that we look at ways that we can help those moving into home ownership for the very first time in their lives and also those who may want to come back to home ownership at a subsequent stage.

Ms BUSH: I would like to ask a follow-up question, Chair.

CHAIR: We have limited time. We may come back to you.

Ms BUSH: If I get a chance to clarify what you have said, that would be great.

CHAIR: If it is a point of clarification—

Ms BUSH: It is actually, if that is okay. I note the comment around the average being 66 per cent. I accept that and I accept your position is 70 per cent, but the Treasurer has said we will in fact be the highest performing state, which at a minimum would be 72 per cent—maybe more, I do not know. That is what I am asking. To be the best by 2032, has industry led any modelling around what we are talking about in terms of percentage or real numbers?

Ms Mercorella: It is a great question. I do not have the breakdown of each state and territory in front of me. My memory tells me that there is potentially a state sitting at 72 per cent. I could well be wrong about that. If it is okay, I am very happy to go away and get those figures. I do know that the national average is 66 per cent. In term of us becoming the highest, I will come back to you on that.

Mr JAMES: Antonia, what is some of the feedback you have received about renting out rooms? How does that help boost the supply of housing?

Ms Mercorella: It is quite an easy solution in the sense that it is established housing. As Anna has just pointed out, we desperately need more supply but that takes time. I think these sorts of initiatives are great because they utilise existing stock that is on the ground—established housing. To your point though of feedback, the feedback is very good. In fact, we have had people comment, 'This is a bit of a no-brainer. It is such an obvious great idea.'

Indeed, if I may just share very quickly, the impetus for this particular initiative came from the fact that we were continually advocating for people renting out any rooms they had in their homes in response to things like various floods that we have had or in the post-pandemic landscape. We then received a phone call one day from an agent who told us the story of a woman on the Sunshine Coast who was buying her first property and had a verbal agreement with a friend of hers who had just had a baby. She agreed to allow her friend, with the baby and her partner, to come and live in her new home because vacancy rates on the Sunshine Coast at that time were dreadfully low. They had this arrangement and she subsequently discovered that she could not do that as a first time buyer.

That story was shared with us. It was unfortunate because that could have been a wonderful win-win situation for both the family and the first home buyer. That is when we realised that we needed to advocate very strongly for a change. The response is very positive.

Mr MELLISH: Thank you for your opening statements. We are pressed for time, so I will ask a question of Mrs Cox or Mr Zaltron. I note in your submission that you encourage parliament to go further with actions that are complementary. I note your comments earlier about supply being the primary answer. Are you able to elaborate on what else you would be keen to see going forward?

Mrs Cox: For the groups of potential buyers such as first home buyers, we have also identified—it is a little bit outside the scope of this bill and the discussion today—that particularly for key workers such as nurses, firefighters and paramedics all around the state another complementary initiative would be a Queensland designed and delivered shared equity scheme. There has been a lot of talk about that throughout the country. Many states have such a scheme, including Western Australia, which has a very long running scheme. It has stood the test of time. There has been a connection made nationally as to how those schemes will assist first home buyers in that it gets your foot in the door but it does all of those other things. It lowers the risk over your lifetime of the financial undertaking that you have made.

As I said, in Queensland we have particularly identified the role a shared equity scheme might play for key workers. We have done a piece of work where we have gone around the state in key regional centres in particular and looked at the price of an average house, an entry house—we got data from the QGov job site—and compared that to wages of people such as child protection officers, nurses, midwives, police officers, paramedics and public prosecutors. When you do the math—their salary, the price of their house, what their mortgage would be and then draw that line at 30 per cent affordability—it is really quite shocking to realise people's inability to buy a modest home near where they work. A shared equity could be a very important complementary measure on the finance side.

Other than that, generally speaking it is all of the other matters I spoke to—initiatives to unlock housing supply, the supply of land, and trunk infrastructure. As boring as that conversation can be for many people—water and sewerage—it is essential housing related infrastructure, so we need to look at how to bring in measures to unblock the stalemate we are at with trunk infrastructure. I have a very long list. I should probably pull up there in case others have something to say on this topic.

Mr MELLISH: That is useful. Thank you.

Mr KEMPTON: Anna, the housing crisis is a result of some very complex issues. You have started to talk about this long list in terms of the solution. That is a long list. We could probably spend most of the day talking about it—infrastructure, labour shortages and so on. Would you agree that that list varies depending upon where you are trying to resolve the crisis and that in remote areas it is a whole different set of factors? This really is a very complex issue, isn't it? Antonia, to what extent is the median price of a house in Brisbane the result of opportunists coming from other areas where house prices are obviously higher or to what degree is that a local issue about demand?

Mrs Cox: As you have pointed out, it is a very complex issue. In the simplest possible terms—which is far too much of a simplification—in a lot of our branch areas, and particularly in the south-east, land supply—the pure availability of land to come to market on which to build new housing—is the critical problem. Construction costs are also a problem. Outside those regional centres—which is a little outside the membership of the UDIA, I must say—we are aware that land supply is less of a problem, construction costs are an extremely severe problem.

Ms Mercorella: In relation to your question, the median house price in Greater Brisbane at the moment, depending on who you ask, is sitting at around the $907,000 mark. That is Greater Brisbane, which incorporates obviously a number of LGAs. If you look at the Brisbane LGA median house price, it is closer to $1.2 million now.

In response to your question about what is driving that price growth, we know that interstate migration has had quite a significant impact particularly post-pandemic. We did see a large number of people moving predominantly from Victoria—understandably—and New South Wales. Having said that, I think it would be unfair to blame the pandemic or interstate migration. We had started to already see an uptick in property prices even before the outset of the pandemic.

I think what is helping to drive property prices now is scarcity and of course the fact that we are not meeting that. Unless we can do a better job of establishing the equilibrium between demand and stock—supply—I think we are going to continue to see prices growing as a result of the scarcity. There is a massive amount of pressure on the established housing market.

Mr KING: I want to follow on from the previous member's question. Forgive the cynic in me, but there could be a situation where someone has six kids and unlimited wealth and decides to buy up big because there is no upper limit to family investment as such. Are there any checks and balances to stop that because that is not opening up the market? Do you have any recommendations that you think might curb that because that is not what we are after?

Mrs Cox: The question or the concern for many people is what is the impact on the market overall when you do these things. From our members' point of view, there would be confidence that that example would be so unusual that it would not be a concern that it is going to disrupt or distort the market to a degree that it impacts on others wanting to buy into that market.

Mr KING: Does it help drive the price up? That was my point, but you say it would be minimal.

Mrs Cox: It is not anticipated to be frequent enough to have any material impact in terms of the market.

CHAIR: You have said that this is not the be-all and end-all—my words, not yours. What are the barriers to home ownership and to the developer industry? Will this unlock private investment? Some of the modelling says 3,000 homes. With the ability to rent rooms, that could potentially be 6,000 opportunities for home owners. Have you done any modelling on that?

Mrs Cox: From the UDIA's perspective we have not done any modelling. What we have particularly noted is that this is a measure that will help a group who is uniquely disadvantaged in the market at the moment. The 'home deposit hurdle', as the Reserve Bank of Australia calls it, is significant and is growing. It has a knock-on effect on the bank of mum and dad—the whole family budget, people's retirement plans et cetera. I think the institute has recognised that this is a measure specifically for that group and that it has potential to have a material impact on those. In terms of the numbers overall, I might hand over to my colleague, Martin—I will not hazard a guess as to numbers—in terms of the number of new houses delivered in Queensland annually to give you a sense of the proportionality.

Mr Zaltron: It was indicated that 3,000 is the expected additional number of new homes that might be generated by this. In context, there is an average of 37,000 new homes delivered in Queensland each year. Unfortunately at the moment we are down at about 32,000 homes. There is space for this kind of incentive to take us back to a better level. Of course that means 3,000 potential families who can get out of renting and get into a home. That liberates the rental home for others to take that space, not to mention renting a room as well.

Ms Mercorella: We have not done any formal modelling. We understand that on average there are around 21,000 first home buyers per annum. With the greatest of respect to the Treasurer and the modelling that has been done, I think we are being conservative. If there is an effective communication campaign that the government leads together with various stakeholders, if we are communicating to people that they have the ability to buy a first home and rent out a room, I think that would encourage greater levels of first home ownership and I think we could end up seeing far greater results, but I do not have any modelling to prove that.

CHAIR: The time for questions in this session has now expired. Thank you for appearing before the committee today and providing evidence. There is one question about modelling that you have taken on notice. That will be due by Thursday, 30 January.

CAIRE, Ms Jess, Queensland Executive Director, Property Council of Australia

HECKEL, Mr Sam, Assistant Director, Planning and Development, Housing Industry Association

LEVEN, Mr Paul, Deputy Executive Director, Housing Industry Association

MCNEIL, Mr Allan, Deputy Executive Director, Property Council of Australia

CHAIR: I now welcome representatives from the Property Council of Australia and the Housing Industry Association of Queensland. Would each of your organisations like to make an opening statement before we start our questions?

Ms Caire: Thank you for the opportunity to present to you today on the Revenue Legislation Amendment Bill 2024. The Property Council is the leading advocate for Australia's largest industry, property, which represents 13 per cent of Australia's GDP, employs 1.4 million Australians and generates $72 billion in tax revenues across the country. Here in Queensland that translates into over one-third of the state budget revenue in the form of taxes, duties, fees and charges coming from the property sector and one in four jobs across the state. Our membership here in Queensland includes over 400 member companies from across the property industry including residential, commercial, social infrastructure and community housing providers, just to name a few. These members are deeply invested in creating great cities, strong communities and sustainable economies, and this commitment extends to the provision of critically needed social and affording housing.

A critical component in delivering on that commitment is delivering the homes needed to meet the demands of our growing population. As outlined in our submission, we support the measures included in this bill to abolish transfer duty, commonly referred to as stamp duty, for first home buyers who purchase a newly constructed home or vacant land with the intention of building a new home. This position, I should note, is identical to the position taken by the South Australian government late last year, and we congratulate the government on following their lead. The Property Council has long championed less prohibitive and more competitive property tax settings, consistently outlining that the current regime deters critical investment while increasing the cost of delivering new supply to market.

We are also very supportive of the measure as drafted to allow first home owners to rent out their rooms within their properties without losing their existing first home buyer concessions. This measure will not only alleviate some pressure in the private rental market but also assist homebuyers who have faced unexpected and increased costs over the last few years since buying their homes.

Our submission references work commissioned by us late last year which examines the impact of taxes and charges on housing affordability. Research showed that government fees, tax and charges across all three levels makes up 32.9 per cent of the cost of a new house and land package for a Brisbane greenfield estate and 33.3 per cent of the cost of a new apartment in inner city Brisbane. That means that, for a Queenslander paying a 30-year mortgage worth $730,000, the first nine years of that mortgage is spent paying off those fees, taxes and charges. It is worth remembering that as house prices rise, so too does the amount of property taxes and duties collected. It is well documented that in the last four years we seen an astronomical rise in house prices and the windfall, relating to stamp duty, has been significant. Over the past three years the Queensland government has experienced $3.5 billion in windfall transfer duty. Our research shows that Queensland's 177 per cent increase in stamp duty revenues over the past decade is the biggest stamp duty windfall gain of any state or territory.

This bill seeks to offer prospective buyers relief relating to some of the costs we have outlined by reducing the transfer duty liability to zero. It will also reduce the amount of time home owners have to save for a deposit, meaning they can buy and build their first home more quickly and more affordably. I note that transfer duty concessions are proposed to apply only to new homes or land where a new home will be built. This restriction will support the delivery of more homes, increasing supply rather than demand. Supply-side initiatives are supported by industry.

That said, while we welcome the bold measures included in this bill, our submission reiterates that without a healthy supply of new homes being built, not just for first home buyers but across the housing continuum, there is a risk this bill will not have its desired effect. With that in mind, we wish to reiterate our longstanding position regarding the importance of reviewing the application of prohibitive tax settings that prohibit the capacity of Australian-based developers who choose to utilise institutional capital to fund their housing supply projects, including apartments for Queenslanders who rent, specialist housing types for our ageing population and students and build-to-rent projects, to name a few. Our submission outlines the additional impact of these tax settings, particularly the additional foreign acquirer duty and foreign land tax surcharge, which have deterred critical investment into our housing market since their introduction. This has resulted in fewer houses, which without a doubt has exacerbated our current situation. Our submission supports the research we have undertaken.

In closing, as outlined in our submission the Property Council strongly supports the changes to transfer duty for first home buyers as drafted in this bill. It will provide targeted, immediate relief for Queenslanders looking to buy their first home while aiming to boost supply. Additionally, we support allowing first home buyers to rent a room without risking concessions. We do call on further bold reform, particularly reviewing foreigner acquirer duty and foreign land taxes, to ensure we are not deterring critical investment. We are seeking and encouraging investment to Queensland so we can boost supply to the Queensland market. Thank you for your time.

Mr Leven: Thank you for allowing to us appear at today's inquiry. The Housing Industry Association is Australia's only national industry association that solely represents the interests of the residential building industry, including not only new home builders but also renovators, trade contractors, residential land developers, building industry professionals, and suppliers and manufacturers of home building products. HIA represents a membership of 60,000 across Australia. Our member builders are responsible for around 85 per cent of the new housing stock built in Australia each year. Our members build all kinds of homes, from large unit towers to single, detached homes and everything in between: townhouses, duplexes and triplexes; small unit blocks; terrace homes and modular homes. They also develop land for houses. Queensland needs all of these subsectors of home construction to perform at their peak if we are to meet the commitment of the new Queensland government to build one million new homes over the next 20 years.

As demonstrated in our 2024 figures, our industry is comfortably building around 35,000 homes per year in Queensland, but the government needs to build at least 50,000 homes in order to meet the targets it has set. This is closely reflected by targets at the federal level as well. Queensland needs 50,000 plus new homes a year to meet targets and catch up to the current demand. If our industry is to get near to building this number of new homes government will need to streamline approval requirements and associated costs and time lines and aggressively cut the red tape that has been stacked on our industry in recent years. Getting local councils onboard will be key to this.

Government is also going to need to find other ways to incentivise business to do more and grow to meet demand. The focus should be squarely on supply-side solutions, as many of my colleagues have pointed out. Demand is not a problem in the current climate and it is not about to dissipate any time soon, according to our economic team. As our submission says, HIA fully supports the small steps being taken through this piece of legislation, as every bit counts. First home buyers deserve support to choose a new home and receive a boost when they buy it. As highlighted in HIA's election priorities, cutting stamp duty is a great starting point. It is a bad tax and it should be phased out in the context of data showing that one-third of the cost of a new house and land package in Brisbane is made up of government taxes and charges. HIA has an updated report coming out in the next few weeks that confirms this is the case. It will show that the proportion of tax has increased in recent years.

Rooms in those first homes where buyers receive state support should absolutely be free to be rented out as a contribution to driving rental availability, which is at very historic lows. There is no silver bullet to solving the housing crisis, but it is clear that the new government will need to do more if Queensland is to build 50,000 homes a year as per its commitment. At HIA we have plenty of suggestions as to what more can be done. A great starting point is our pre-election wish list which, to its great credit, the government appears to be working through. We have had some discussions in that regard.

At the top of that list is introducing a mandatory statewide housing code that sets the rules for as-of-right approvals for different types of homes. We are keen to discuss and consult constructively on how best to build the right environment for home builders to increase supply and build more homes, which our state desperately needs. Thank you again for the opportunity.

Ms BUSH: Thank you for coming and welcome to a new year. Paul, in your submission you state that you do not believe there will be much uptake in people renting out their rooms or offering rooms up for rent or that there will be minimal uptake. Can you tell me what has informed that view?

Mr Leven: We do not have any formal modelling that shows that is the case. To be clear, we are very supportive of the move to do that. We are very hopeful that it will increase rental availability. We do not have any formal modelling that shows that. Our assumption has been that many of the arrangements that are proposed to be put in place may already be in place. People who have rooms to rent and require that arrangement would most likely, in our view, already have those arrangements in place—perhaps not 100 per cent legally. We are all aware those things happen and we think there is a lot of it that already happens.

Mr JAMES: It seems to be a common theme across all of the entities today that additional supply is the No. 1 issue we need to focus on. Where do we go next?

Mr Leven: We support your view that supply is the key. It is the No. 1 issue, so whatever supply-side initiatives the government could put in place. It is not just going to be one thing; there needs to be many different things in order to increase supply to the 50,000 plus homes we need. We need to get to 50,000. It is at least close to a 50 per cent increase on what we already build in order to get to that number. Each year we build less the target becomes higher, so anything that can increase supply. There are a number of things that we think can do that. We talked about tax reform. We know that a little bit more than 30 per cent—and it is likely to be higher when our report comes out in the next couple of weeks—of the price of a new house and land package in Brisbane is government taxes and charges. A great place to start is looking at taxes and charges and stamp duty.

The other thing at the top of the list is housing codes. At the moment we have a situation where the Planning Act rules what can and cannot be built. Local councils largely administer the Planning Act and they put additional requirements in their local communities. We think that a housing code that is statewide and sets out basic rules for an as-of-right approval for different types of housing—we have some work going on at the moment about secondary dwellings—but also that missing middle type home where you have terrace houses, townhouses, triplexes and duplexes needs to come into play to clear the red tape and enable our builders to know exactly what it is they can do on a site and to get on with it more quickly and at lower cost, so that takes a lot of the red tape out of the system.

Mr Heckel: I would concur with Paul's views. The reality is we have 77 different councils across Queensland and they are all setting different requirements for our members at the moment. The level of complexity associated with everyone having different rules is complete regulatory overload. The other aspect of that, is if we are going to try to get some efficiency back, we think having statewide requirements is the best way to get there and start building the number of homes we need.

Mr JAMES: You mentioned state wide—why not the Building Code of Australia as well? That is probably even bigger than the statewide requirements.

Mr Leven: The National Construction Code sets out the requirements for how the homes are built. We make sure it is as workable as possible for builders, but we are really talking about planning and what the house looks like. How it is situated on the block and how it is connected to services is more the issue, and the infrastructure that is required around those homes to be able to build them.

Mr Heckel: We have been working on trying to establish a statewide code for Queensland. That has been a piece of advocacy work for HIA for over 12 years now. Again, we think that would be a great way to get there. The other side of supply that I want to touch on very quickly—as our colleagues have mentioned, we could talk about this all day—is the detached housing market. Land supply remains a key issue. In South-East Queensland we have a restrictive urban footprint that limits the locations where you can complete urban development. In 2023, the Queensland government reviewed that urban footprint and only expanded it by one to two per cent, despite multiple sources saying we have a shortage of residential land so we think that needs to be looked at again. In previous reviews of the plan it was expanded by seven per cent so we cannot understand why greenfield land would be limited at this time. Land supply is also an issue in established communities. We have planning schemes that are allocating the majority of local government areas as low density areas. In those areas, they are setting really conservative lot sizes; for example Brisbane City Council have set a lot size of 400 square metres for low-density areas and it has been like that since the 1987 town plan so it is no surprise that there are limited opportunities for new lots in established areas.

Ms Caire: From our members' point of view, when we think about a healthy housing continuum, we need to have products of all types and sizes to meet the needs of Queenslanders. One of the things I touched on in my opening submission is the way in which the foreign land taxes and surcharges are supplied. Currently, as it stands in Queensland, if you are an Australian-based developer—so, household names—and if you utilise global institutional patient capital you are penalised at a higher rate, even though you are based in Queensland, you are building houses for Queenslanders and you are employing Queenslanders. From our point of view, when you think about capital in a global sense, it will go where it is welcomed. This is an opportunity to make a few tweaks to that regulation and legislation and we would see capital flow to Queensland because the opportunities here are so great. This would help to deliver housing on scale—critical build-to-rent apartments which would help put people through the housing typology and send a really strong message. At the same time, it would increase the revenue capacity of the transfer duty and land tax because we would be seeing more homes built.

Mr MELLISH: I share your frustration, Mr Heckel, with Brisbane City Council's position in relation to density. I have had various run-ins. A question to Mr Leven: I note from your submission and comments earlier that you would be in favour of phasing out stamp duty eventually over time, do you see that shifting to a land tax, or is the revenue source going forward to be determined?

Mr Leven: We would obviously like to have further consultation but the proposal we have been talking about is more of a broad-based land tax. We recognise the issues, obviously, and you will see in our submission that stamp duty—transfer duty—is a large revenue source for the government. We know, to some extent at least, it would need to be replaced. Perhaps a more broad-based tax would be a fairer, more reliable and better way to do taxes, even if you want to continue to take so much out of property in terms of the tax.

Mr KEMPTON: To you both: as a national body, can you bring us lessons from any other jurisdictions that might be helpful? Jess, from your research, could you give us a quick summary of what other measures you think might be of use, aside from just taxation relief?

Ms Caire: Yes, absolutely. I do not think anyone is getting it 100 per cent right. The challenges we are facing in Queensland are not unique to Queensland or Australia. There are challenges around the world, but we have seen states fast-track planning and remove barriers—I will keep banging on about taxes—to investment to help boost supply and remove the planning barriers. One of the challenges here is the three levels of government. Overlaid with that, we also have three levels of taxation so it is an extremely complex ecosystem. We need to ask ourselves the question: is any new reform going to boost supply or inhibit supply? If the answer is 'inhibit supply and make it harder', we have to take it off the table. We can all learn from each other. There are areas where Queensland is doing things particularly well and there are areas we need to catch up, and one of those is tax reform.

If we look at things we could be doing—I keep talking about the tax piece—we need to mobilise people through the housing system. We need to encourage people who are in four-bedroom homes to downsize. We need to make sure we can move people through the housing typology. As I said at the outset, when we have a look at Queensland, we are aging. We need to make sure that we have appropriate retirement living facilities; that we have the appropriate facilities to support an aging population. That comes with land use planning and with making sure that we have the appropriate infrastructure so we are looking forward, not looking backwards.

Mr KING: I know that time is short, and I have a lot of things I want to further unpack. With the indulgence of the Chair, if during our deliberations we come up with any questions if we could pass them on, through you, as questions on notice? I will forego my time now to save time.

CHAIR: I am happy to do that.

Ms Caire: We are happy to answer any questions that you would like to put forward.

Mr Leven: As is HIA.

CHAIR: A question to you both. Obviously there is no silver bullet but I like the term 'silver buckshot', and we are biting off a couple of those silver buckshots here. The Premier has made announcements for a $2 billion trunk infrastructure fund which is one of the biggest barriers—$1 billion across the regions. In respect of this bill particularly, can you outline how important the stimulation of private investment is to the housing solution?

Mr Leven: I reflect on some of Jess's comments about the foreign acquirer duty. Many of our larger volume builders largely rely on investment from foreign companies so that has a huge impact. In answer to your question, Chair, we reiterate the fact that the No. 1 issue is anything that will increase the supply of housing. There are so many different things that can help to do that. A good place to start, as I have mentioned, is our pre-election wish list, for want of a better term, where we go through things like the taxation piece. We have a report that will be coming out within the next two weeks which talks about the volume of tax in terms of a percentage of the cost of a new house and land package in Brisbane, which I am sure the committee will be interested in seeing.

I like the term 'buckshot'. We need to address labour. We are short of contractors. I think the number was—Sam might be able to clarify—30,000 tradespeople that we are short of already in the home construction industry alone. That does not account for the infrastructure construction that is going on which is obviously massive. But that labour piece is important and just encouraging young people, in particular, to look at home construction as a viable alternative for their career. There are lots of opportunities in home construction over the coming years.

Ms Caire: I support Paul's comments. We need to acknowledge that we are in extraordinary times. We have all heard figures that none of us are proud of, nor should we proud of. We have to give ourselves permission to do things that we have not done before which includes bold transformational policy. We need to make sure that we send the strong and necessary signal to the private sector that Queensland is open for business. We need to act globally. We are a new global city. We need to make sure that we are not just competitive with the other jurisdictions in Australia; we need to signal to the rest of the world that Queensland is open for business and that we would like you not only to come and work here, but also to help build the critical infrastructure and housing that we need.

CHAIR: Thank you Jess, Paul, Sam and Allan. The time allocated for this session has now expired. Thank you for appearing before the committee today and for providing your evidence. I do not think we have any questions on notice.

Ms BUSH: Not at the moment, but we will.

HILLS, Mr Jackson, Acting Chief Executive Officer, Q Shelter

CHAIR: I now welcome Mr Hills from Q Shelter. I invite you to make an opening statement after which committee members will ask some questions.

Mr Hills: Thank you, Chair, thank you members. As you know Q Shelter is Queensland's peak housing and homelessness body with a vision that every Queenslander should have a home. The current housing situation faces many challenges—as we have heard all morning—due to an insufficient supply to meet needs, compounded by our rapidly growing population out to 2046. The situation makes affordable housing increasingly difficult to access for low-to-moderate income earners but more importantly, all population groups and different income households.

Home ownership has been a key aspect of Australia's social welfare model since the '50s, fuelled by high wages and lower taxation. Additionally, securing home ownership has been an essential part of our retirement system; however, our home ownership rate has been falling since its peak at 72 per cent in 1966. In the 2021 census it was 66 per cent for all Australians and 63 per cent for Queenslanders. The rate has fallen even more significantly for younger buyers. A systematic failure in home ownership may increase financial pressure on other government systems and increase existing economic inequalities. We know that there are also some unintended consequences of other existing policies around home ownership, particularly first homebuyer grants. Most economists have concluded that they inflate house prices and have a perverse effect on housing affordability overall. They are popular but not overly effective so we support alternative measures to increase the rate of home ownership that have less impact on the home market, particularly pricing that flows through to rental pricing and affordability costs. Things like mortgage guarantees and targeted shared equity programs; replacing stamp duty with the universal land tax—which you heard about from other speakers this morning; land lease arrangements that create other forms of secure tenure; and other supply measures like increasing social and affordable housing. I note in relation to the last one, there has never been more investment from state governments and also from the federal government which is nice to see.

Before I conclude, I want to make a couple of notes on two particular parts of the bill. We are not speaking today to the patients' tax; we are speaking purely to the duty changes and the renting out of rooms. We support both of these measures. In general, our sector supports policy reforms to abolish stamp duty and move to a broader reassessment of tax and transfer which currently gives housing investors an economic advantage. An example is some of the negative gearing benefits that flow through to the system over first homebuyers as they compete in the market. In terms of the change to the policies, we support that measure.

In terms of the changes to the policy for first homebuyers to rent out a home in their property, we support this measure. We believe that any policy that seeks to maximise existing housing stock and bedrooms in a housing crisis is worthy of consideration. I want to make a point on evaluation and further review, though. Both of these measures should be implemented and evaluated in the first 12 months to assess their effectiveness on housing goals. I recognise Treasury's response to our submission regarding the foregone tax revenue as part of this measure. The estimates seem conservative, to my mind, and I note that the number that has been listed in response to our submission was around $47 million on an annual basis—I am sure you have read that. I appreciate them providing that guidance.

We also support the Property Council of Australia's call for a comprehensive review of taxes, particularly on new housing supply, to make sure that Queensland is competitive in a global market. Thank you, Chair. I am happy to take questions.

Ms BUSH: Good morning, Jackson. Lovely to see you again, and thank you for your submission. We have heard this morning that Treasury have forecast around 3,000 people may be assisted from this bill. We know that the real need is something in the order of 50,000 per year. We have heard a lot from stakeholders this morning that supply is a big part of that. You have outlined in your submission and verbally this morning all the different parts of the buckshot that we need to do to get this right.

My question to you is: given there are no constraints around who could be purchasing a home—and the member for Kurwongbah has rightly raised this—we could hypothetically have multimillionaires getting their families into new homes. As important as that is too, we are trying to target people who have struggled to become first home owners. Can you make any recommendations as to what safeguards could be incorporated into this bill to really make sure that the reform reaches those people who need it most?

Mr Hills: We have supported the moves, even prior to the election, to start looking at stamp duties, as other speakers have said. Ultimately, we need to increase the rate of home ownership because it takes pressure off other parts of the system.

Your question really goes to how do we help people who have been struggling to get over that hurdle and into that market. One of the reasons we have suggested the evaluation of this measure is to understand where the uptake is, who is using it and how it is applied. I heard some questions asked earlier about regional markets, and I think that is an important point. I also note there were some announcements this week around home ownership in regions which require bespoke solutions.

It is a bit soon to tell, in terms of what we have read, whether this will be an effective measure at the lower end of income distribution—that is, the bottom 40 per cent. That is a group that we have historically represented. We would be keen to study that in the first year, but I would say in absolute terms that we do need to get that rate of home ownership back on the increase in all income groups.

The last thing I would say is that is why we were seeking to understand the cost of the measure. Any cost of the measure is money that cannot be spent on another measure so it is important to understand the movement between those two things.

Mr KEMPTON: Obviously, this is a first big step and a critical step. In your view, given the complexity of the issue, what is the next most important step that should be taken to alleviate this crisis?

Mr Hills: That is a very big question. I think there is no single answer, as other speakers have said this morning. We at Q Shelter believe there is a multitude of interconnected things that need to be addressed and some of those are in train at the moment through the previous government's and the incoming government's housing agendas as well as federally. If I stay in the home ownership space, which is part of the system at the moment, I would just say that, similar to my previous answer, we need to understand the effectiveness of this measure and how much pressure it will relieve from an already constrained system.

Some of the other measures that are complementary to home ownership around shared equity and things like that that target different income groups and different cohorts—such as the announcement by the minister this week on Palm Island, for example—are also equally important to understand. That is just in the home ownership space before we get to supply, demand, the rental market and everything else. I do not want to use all your time today talking about the entire housing system but I would refer you to a number of submissions that we have made to this committee in the past, including the one that I put in today.

Mr MELLISH: Mr Hills, in your submission you encourage the government to consider a broader assessment of a tax and transfer system. We heard a bit from UDIA on that earlier. What would you like to see included in that process?

Mr Hills: I think there is a process required that engages all the relevant parties to really kick that off. I know there have been some false starts on this too so I just want to acknowledge that. In other jurisdictions, there have been some swift changes made just before elections and then afterwards measures have been replaced. I am not sure that is helpful. I think a measured approach when it comes to tax is important.

There is a variety of views regarding that change, and we are supportive of it, but I recognise there is a variety of views in the community, the development industry and other parts of the housing system. I think Treasury and other parts of government will need to lead a measured process to look at how that transition could occur. I just want to point out the inequalities in the system and how they disproportionately impact the low- to moderate-income earners, as I mentioned earlier, as a tax.

CHAIR: I have a question with regard to your submission, particularly around the research of the Australian Housing and Urban Research Institute and the experience that first home buyers have. Can you talk to us about that and share your thoughts about this bill and its stimulation of private investment, and how important that is to solving some of the crisis?

Mr Hills: Of course. There is a little bit in that. In terms of the first part of the question, we commissioned HURI, which is the short version of the name that you referred to, Chair, to do some research on home ownership policy that has a less inflationary impact. Some of the measures in this bill were captured as part of the recommendations—that is, looking at changes to stamp duty that are measured and not just one big fell swoop that could have a massive impact. It also talked about targeted shared equity programs. It talked about mortgage guarantees that the government can provide—and in some cases it does already—and taking that further. It also talked about other types of land tenures that effectively do lead to home ownership progressively—for example, the measure announced this week with rent to buy as you progressively pay down the government's portion in your property. That is probably the first answer to your question.

In terms of the measures in this bill that have been picked up, they will have an impact, in our view. We are keen to understand just how much of an impact they will have and we should be able to tell, from Treasury's response to some of the submissions, in the first year from the data they are collecting, the types of income groups that are taking this measure up and the value of that in terms of other housing solutions. At the moment, we think it is a worthy measure to pursue. Home ownership is an integral part of the housing continuum and we do need to increase those measures so it is a worthy bill.

Mr KING: You mentioned that the figures for foregone revenue were rather conservative, and I will bang on about where I have been going all day again. I just got on to the property stamp duty calculator. For a $2 million house it would be roughly $100,000. In the scenario where investors from elsewhere with kids buy these properties, there would be a fair bit of foregone revenue. If we look at the Gold Coast or somewhere like that, a $2 million house is fairly conservative. Could you expand on that? Is that a real risk?

Mr Hills: I was surprised to see the number. I thought it was a bit conservative. All I have seen at the moment is Treasury's statements on the parliamentary website so we will probably seek to understand that further in a bit more detail and understand how they arrived at that modelling. I know it is linked to the 3,000 number that has been talked about a lot today.

I think it is a worthy measure to start with and should be explored, so that is what I would start with, and it is really worth understanding that. Like any housing measure, we should be evaluating it. When we are spending, say, $47 million or $100 million—whatever it might be—on one measure, it is $100 million we are not spending on another. I think it needs to meet a particular test in terms of the value and impact on the overall system. Every part of the system is constrained so every part is worthy of investment at the moment. It is about the choices that we make. We do feel that it is important that there is a set of policy interventions in the home ownership market, though, and this does go into that space. That is why we support the bill.

CHAIR: Can I ask about the stimulation of private investment—I asked that before? Do you have any idea of the proportion of private investment versus government investment and the importance of that to the housing supply?

Mr Hills: I am reticent to take that on notice, Chair, because there are other speakers that you have heard from today who are better equipped to actually deliver an answer to that question. All the housing that our system builds is a factor of private investment and government investment as well, so we are connected to that system. My understanding is that there is some risk of Queensland being non-competitive based on its tax environment, and that is why we have supported that in our submission. I know it is not a feature of this bill but we are encouraging government to have a look at that.

To take that one step further, there is a whole bunch of programs, particularly by the federal government, that require co-mingled investments to make projects work. It is actually trying to attract private capital to match government capital to build social and affordable housing in our case. Now, if Queensland is not competitive enough in those programs, we will miss out. I just want to go on record and say that one example of that would be the first round of the Housing Australia Future Fund where Queensland, unfortunately, did not receive its fair share of that investment. I am not saying that is directly related to your question, Chair, but they are the sorts of things we want to avoid.

CHAIR: I appreciate the answer, though. I was thinking about that. Are there any further questions?

Ms BUSH: I do have an extra question. For the record, I am always happy to have extra questions, Jackson and Chair.

Mr Hills: Me too!

CHAIR: I know!

Ms BUSH: I know you know. We do not have Women's Legal Service here today but I know you have experience and a comprehensive background in this sector and with the bottom 40. Women fleeing domestic and family violence and particularly older women are the fastest growing cohort of people facing homelessness and housing insecurity. I am concerned and I am after your views on what this bill does. I cannot see how this bill addresses any of that and whether there is something that I have missed. What would you like to see done in that space to address that rapidly growing and concerning cohort of Queensland women?

Mr Hills: I understand where you are going with that. I think the intention of this bill is broad based in its application—that is how I have interpreted it. When I referred to complementary measures that the government could also consider doing more with, it does go into that space. For example, some of the shared equity programs can be designed particularly for women, particularly older women, for example, who might have come through separations or may be fleeing domestic and family violence. They do not have large super balances so they cannot really participate in the home ownership market. Initiatives that really target that cohort are quite bespoke and do exist around the country in a very small way. We would love to see further work explored and we are having conversations on that with the government at the moment, as we did with the previous government. There is a very good reason to pursue those options as well as this bill is what I would say.

CHAIR: Thank you, Jackson. The time for questions has now expired. Thank you for appearing before the committee today and providing your evidence. I do not think any questions were taken on notice. We will have a short break and resume at 10.50 am. Thank you.

Proceedings suspended from 10.40 am to 10.50 am.

BOS, Ms Laura, General Manager and Company Secretary, Strata Community Association Queensland

MARLOW, Mr Kristian, Policy and Stakeholder Engagement Officer, Strata Community Association Queensland

CHAIR: I welcome members from the Strata Community Association Queensland. Would you like to make an opening statement before the committee has questions?

Ms Bos: Thank you. We are the peak industry association supporting Queensland's professional strata management sector with more than 1,200 individual and corporate members who help oversee, advise and manage for Queenslanders assets worth in excess $280 billion. Our industry generates around $1.75 billion worth of economic activity annually and we employ circa 60,000 people directly or indirectly. SCAQ is supportive of the bill and is hopeful that it will help to improve housing affordability and unlock home ownership for more young Queenslanders. Allowing young people to rent out a room is a pragmatic way to help ensure mortgage serviceability and provide an immediate injection of rental stock given the intense pressures on housing that our community is facing.

SCAQ views the bill as a step in the right direction, but not mission accomplished in terms of positive tax reform from the government. Transfer duty generally needs significant reform. As a starting point, we would like to see it abolished on strata insurance premiums, particularly in the state's north. Other tax reform to help ensure that foreign developers do not face impediments to constructing new housing in Queensland is also critical. The foreign land tax surcharge and the additional foreign acquirer duty were both increased substantially in the last state budget. Queensland needs significant investment in new homes where people want to live and not less. We encourage the government to examine these anti apartment taxes.

SCAQ believes that the government needs to do more to specifically promote and encourage confidence in the strata sector. Strata saves the government money by reducing the need for new trunk infrastructure, particularly if it is built where existing infrastructure is provided. We support those initiatives at both the local and state government level. Strata helps reduce land clearing and carbon emissions from transport and provides opportunities for affordable home ownership.

Finally, strata has a variety of social benefits through our style of living as home owners and those who commute less tend to be happier. These benefits are not widely understood and we hope to work with the new government to ensure that strata is promoted and supported within the wider community.

CHAIR: I will go to the deputy chair for a question.

Ms BUSH: Thank you for coming in, Laura and Kristian. It is lovely to see you again. Your submission states that the bill will lead to 20,000 or so new rental opportunities per annum that otherwise would not be available. I am keen to understand that figure a little more—where that came from and what informed that.

Mr Marlow: We are told that that is roughly the number of young Queenslanders who buy a new home in a given year—first home buyers. Previously they would have lost their stamp duty exemption had they rented out a room immediately. We think this provides them with a chance to do so and we think that many will take up the opportunity.

Ms BUSH: That is a figure of young people buying a first home that you feel would rent out a room?

Mr Marlow: That is the opportunities; that is not necessarily the number who will take it up. It is a step in the right direction. If 5,000 new rooms are put up for rent that is 5,000 people who have shelter who otherwise would not have. That is the opportunities that are created.

Ms BUSH: Is that something that your members talk to you about often? The young people who talk to me about buying a home certainly do not raise the appetite to rent rooms out. I am interested in what you are hearing.

Mr Marlow: I think young people are very enthusiastic about anything that helps them get into the property market. What we hear is that this will potentially help mortgage serviceability. There was a federal inquiry into lending standards that has just been completed. When banks are assessing serviceability they look at all streams of income. If there is a stream of income that can be demonstrated very strongly—I am going to rent a room to my sister for $200 a week, for example—then that income may help me get over the line.

Ms BUSH: Obviously, that then changes a whole range of tax implications for someone if they are getting more revenue and charging people rent. Do you see the need to inform people about what it is going to do in terms of other taxes and obligations bringing them in line with minimum standards? There is a whole range of other issues that open up when you become a landlord.

Mr Marlow: Obviously, most first home buyers are quite apprehensive when they go through the process. Their lawyer should inform them during the conveyancing process of how the taxation implications work, what they can deduct proportionately for expenses like rates and water and obviously their implications for income tax because it is income.

Mr JAMES: Part of your pitch is the removal of stamp duty on insurance premiums. How much effect do you think that will have on incentivising infill development, particularly when it comes to strata arrangements?

Mr Marlow: Strata insurance is compulsory. It is a legal obligation if you live in a unit. As a national body, a few years ago we commissioned a report into northern insurance that included both Western Australia and the Northern Territory. In Queensland, over 20 per cent of a strata insurance premium is taxes, levies and charges. Particularly unfair, in our view, is that the GST is levied on the value of the premium after stamp duty is already applied.

We know it is a significant issue in your part of the world. Tourism relies on strata development so we think it is going to be a positive incentive. These cost pressures around the insurance market are only going to increase and anything that can be done to protect communities, including mitigation funding, should be very much considered.

Ms Bos: The increases in premiums, particularly for catastrophic events, in strata is not just limited to North Queensland. We are certainly seeing increases in Brisbane from flooding and a whole range of things. When you are talking infill development, we are certainly supportive of anything that will help keep confidence and surety in the market, particularly when we are looking at building efficient housing and the use of infrastructure. That is exactly why infill is so attractive.

One of the challenges and one of the nuances with strata is the compulsory nature of it. For those who live in freestanding homes, once you have your mortgage and you tick the box that you have insurance that is it. I know I have never been asked to provide my currency certificate to a bank since I first mortgaged my home. In strata you must pay it. The complexity of developments and the challenges we are seeing as a result of climate change and climate events is only adding to that. Anything that can be done to support people in those environments is most welcomed.

Mr MELLISH: In your submission you state that government policy should encourage strata over detached housing. Broadly, what more would you like to see done in that regard?

Mr Marlow: Broadly speaking, there is real consensus that strata developments are a good thing and everyone understands the benefits, but then you often see individual developments opposed by people. It is the NIMBY syndrome. That needs to change. We would like to see broadly the benefits talked up. People are not aware of the benefits. People say they love greenspace and therefore do not want to see development, but if we had more high-density development in Greater Brisbane we would be able to have more greenspace. The Gold Coast is the high-rise capital of Australia. What most people do not realise is that out of any local government area it has the most greenspace, so there is that. There are the affordability benefits—people being able to use public transport because you can build more dwellings near public transport. These are all good things. You can have a much better lifestyle living in a nice unit closer to where you work and to where services are than you can in a greenfield development very far from where you essentially engage in what you do in your life.

Mr KEMPTON: Following on from Terry's question in relation to strata insurance, what impact do body corporate fees have on affordability? Is there any room to bring uniformity or regulation around that that would satisfy the impact that it might have?

Ms Bos: Strata fees are interesting. Which specific part of fees are you referring to? There is a myriad of—

Mr KEMPTON: The cost of the body corporate.

Ms Bos: To run the body corporate?

Mr KEMPTON: Yes. Some people say it is thousands of dollars and others say it is quite moderate. Is there an opportunity to bring some uniformity into that by regulation?

Ms Bos: The short answer is no. The reason for that is that every building is unique and presents unique challenges. The body corporate fees comprise a number of different aspects. It can be around maintenance of the building and defects. All of those things are absolutely critical in terms of being able to maintain value of the asset. They depend on whether you have lifts. They depend on all the amenities. There is no real opportunity to standardise those kinds of fees. It does depend on the level of the building. For example, some of the more boutique beautiful apartments that we are now seeing going up in places like Burleigh on the beach or Brisbane on the river that have a high level of amenity cost more to service—the gardens and all sorts of things. To standardise it would mean at some point potentially causing grief to one party while benefiting another, so that parity would not be there.

Mr KING: I know we have probably covered this, but in your submission you said it is critical the bill be amended to include strata properties. Treasury has said that it does capture that. Are you satisfied with that or is any further clarification necessary? Do you need it to go further?

Mr Marlow: We are satisfied that it includes strata properties.

CHAIR: I have a question about the housing crisis that we find ourselves in and the importance of private investment in that market in terms of recovery. Will this bill assist in stimulating private investment?

Mr Marlow: It certainly cannot hurt, but there is more to do.

Ms Bos: I think it depends on the level of investment. One of the wonderful things about particularly apartments and strata developments is where they pitch them. This will certainly help in that mid-market for affordable development. That has got to help. There are more people particularly working in Brisbane, so it is about supporting all of those things and development in that midsection that is affordable particularly for our youth. I have three of them living at home with me. I am very excited about this bill personally, as are they in talking with them about the opportunity that they see as young people to be able to afford to buy into the market and live near where they want to. Living in Brisbane with new developments is something that is really appealing to them.

CHAIR: Thank you, Laura and Kristian. The committee do not have any more questions for you now. Thank you very much for your appearance today. There were no questions taken on notice. Thank you very much for your attendance and thank you for your submission.

FLYNN, Mr James, State Manager, Royal Australian College of General Practitioners Queensland Faculty

HESTER, Dr Cath, Chair, Royal Australian College of General Practitioners Queensland Faculty

YIM, Dr Nick, President, Australian Medical Association Queensland

CHAIR: I now welcome representatives from the Australian Medical Association Queensland and the Royal Australian College of General Practitioners Queensland Faculty. Good morning. Thank you very much for your attendance today. Would each of your organisations like to make an opening statement before the committee has questions?

Dr Yim: Good morning. I am Dr Nick Yim, President of the Australian Medical Association Queensland. Thank you for inviting me today to present. On behalf of AMA Queensland, I thank the government for introducing this bill. I also want to thank my predecessor, Dr Maria Boulton, for her advocacy for these laws. Without her dedication we would not have achieved this result.

The threat of payroll tax has loomed over general practice for the last three years. I have had practice after practice contact me fearing receipt of a retrospective tax bill that would force them to shut their doors. I listened to an AMA Queensland member explain how she was facing voluntary administration after being issued a five-year retrospective liability notice. She did not know who would treat her 400 residential aged-care patients if she no longer could.

Most general practices are family-run businesses. They are facing the same cost-of-living pressures as every small enterprise across our state. Like them, they simply would not survive unless they passed the tax on to their patients. That is why AMA Queensland advocated hard for an exemption, and we are pleased that the government listened. It is also to the government's credit that it did not try to tie the exemption to bulk-billing as we have seen in other jurisdictions. The solution to increase bulk-billing is for the federal government to increase the Medicare rebate.

There are still some glaring omissions from the bill that need inclusion before it is passed—the most important of these is the extension of the exemption to all private medical practices. We note that the Treasury's response to this point was that it was not within the scope of the LNP's election commitment. While the Treasury may have been confined to limited political considerations, we respectfully submit that the purpose of the parliamentary committee is to inquire more broadly so good laws are made for all Queenslanders. That means making recommendations that ensure the right decisions are made at the right time and for the right reasons.

Non-GP specialists operate small businesses just like GPs. They also fear receiving retrospective liability notices that would also send their practices to the wall. Granting them an exemption would alleviate this threat while also bringing the private and public medical sector into alignment at the same time. That is because all public and most private hospitals are already exempt under the act. Economic principles ward against government reforms creating unfair advantages. It is only right that non-GP specialists are given the same certainty as all other medical entities. That is why we urge the committee to recommend they are included in the exemption provisions in the bill.

While we acknowledge that there are exemptions under the act that likely apply to certain non-GP specialists, these are not well understood. While also acknowledging Treasury's response, we ask the committee to consider the need for clear guidance about how businesses can determine if they qualify for these exemptions. An exemption that the sector does not know about or cannot readily apply to their particular business is an exemption in name only.

Finally, I ask the committee to consider making some recommendations to the government about the payroll tax amnesty. Like this bill, AMA Queensland welcomed the former government's announcement of the amnesty. This relieved general practice of the fear of retrospective liability, but our non-GP specialists need certainty too. That is why we have urged the government to extend the amnesty to them. Non-GP specialists should be able to grow their practices without looking over their shoulders. Similarly, practices who have already registered for the amnesty also report that complying with disclosure obligations is costly and time consuming. Given the introduction of this bill, we reiterate our calls to remove these requirements. This will enable a smooth transition following passage by parliament. Thank you for your time. We are happy to take questions later on.

CHAIR: Thank you, Dr Yim. Dr Cath or James, do you have an opening statement?

Dr Hester: Yes. Thank you for the opportunity to present today. It is much appreciated. I am here in my capacity as the Queensland Chair of the RACGP, which is the voice of general practitioners throughout Australia. We are Australia's largest professional organisation of GPs and we represent over 50,000 GPs either training towards a specialty career in general practice or actively working as GPs at the moment. Our GP members work in a range of different locations—urban, regional and rural—so we feel we are able to represent the interests of GPs very capably from that perspective. Apart from my RACGP role, I am also a specialist GP and a practice owner. I set up my own small practice in an area of need just outside Ipswich over 10 years ago, so I can speak in that capacity as well.

The RACGP and GPs all throughout Queensland, and indeed all throughout Australia, applaud and strongly support the Queensland government's proposed amendments to the Payroll Tax Act 1971 which introduces an exemption to payroll tax on GP wages. It has been an anxious few years for GPs and practice owners, as I am sure you can appreciate with the spectre of GP payroll tax looming. Practices in Australia have always been liable for payroll tax on employees, who included our administrative staff, nurses and other allied health practitioners, but it had never before applied to GPs because we work independently. This changed after a final ruling by the New South Wales Court of Appeal in 2023 which deemed independent practitioners as employees for payroll tax purposes.

Practice owners like me observed this with growing concern. I personally started to calculate the additional liability of this tax. I quickly discovered that our practice would have to substantially increase our patient charges to cover the shortfall. Even more concerning was that the retrospective application of the tax would have almost certainly bankrupted our practice and our 7,000 patients may have been left without GP care in their community. I have no doubt that this would have been repeated throughout Queensland with negative consequences on the health of Queenslanders and also increased demand on our already strained hospital system.

I hasten to add that the financially precarious nature of general practice ownership is not due to financial mismanagement but rather to rapidly increasing costs of running medical facilities and a decades long atrophying of the funding for general practices. GPs view the care that they provide as a human right, not as a luxury commodity. We desire to serve our communities and to provide excellent care at the lowest possible cost so that health inequity is minimised.

Our practices often run at less than five per cent profit margins, and many owners like myself reinvest business profits to help improve our facilities and our provision of care to communities. Payroll tax would completely obliterate this operating margin and would be a strong disincentive to work in this manner. It would also be a disincentive to employ training GPs. This includes our Australian graduates who are undertaking Australian GP training and also our overseas graduates undertaking the practice experience pathway placement, who are almost all entirely employed by practices.

It is clear that abolishing payroll tax on GP wages will help ensure essential GP care is affordable for Queenslanders. It gives general practices certainty that they can remain viable and keep their doors open for people in every community across Queensland and that hardworking GPs can get on with our job, which is helping people stay healthy and out of hospital.

Mr KING: I understand the fear and apprehension. Everybody loves GPs and nobody wants to upset them. For many years it has been difficult to sort out financially—I am an electrician, not a financial person—with the GP copayment and everything that put pressure on you, so I understand the fear. During this period has anyone had to pay it? I understand there was an amnesty. I understand the fear and apprehension, but has anyone actually been paying it? You talked about other services.

Dr Yim: Prior to the amnesty being announced an AMA Queensland member had a retrospective payroll liability. His legal advisors recommended that he pay it, so he did pay it. Fortuitously, when the amnesty was announced he was able to recover some of those funds. He said that he would have gone broke if he had to continue those payments, but the fact that he had this top-up was quite reassuring for him.

Mr JAMES: Have you looked into how the provisions of this bill compare to other states?

Dr Hester: This bill would be a first amongst the states. It has been something that the RSCGP has been calling for since the spectre of payroll tax started to loom a few years ago. It would be viewed very positively and it would create an advantage for Queenslanders in that there would be less disincentive to set up and operate general practice businesses in Queensland should these amendments be passed.

Mr MELLISH: Dr Yim, in your opening statement you said there were glaring omissions in terms of extending the exemption to all private medical practices, including non-GP specialists. Are you able to elaborate on that a bit more and how they would be treated under the bill at the moment?

Dr Yim: Under the current provisions there is a little bit of uncertainty with regard to non-GP specialists. When I refer to non-GP specialists we are talking about other medical specialties such as psychiatrists and dermatologists, who do have similar structures to general practices in terms of medical administration, nursing and all those supports. Under the current provisions, some of these specialities who do admit into public or private hospitals are already exempt under the law, but it is quite confusing for these medical specialties, and that is where the fear is. They are currently still budgeting and trying to cover their costs, and that is their fear and the questions they always pose to us in that field. If we can ensure there is clarity and alignment across non-GP specialties that would be appreciated.

Mr KEMPTON: The Cook electorate is very remote. How would the removal of this payroll tax impact the attraction and retention of GPs into rural and remote areas given the size and nature of those practices? Would it assist to address the problem we face?

Dr Hester: It is incredibly important. As I mentioned, many of our GPs in training, including our overseas colleagues who have moved here and have to upskill in the context and nature of general practice in Australia—and this relates to some of the business sponsorship provisions—are employed by their practices under their visa application. If payroll tax was applied in this situation, it would be a disincentive for regional, rural and remote practices to employ these doctors and train them. This would have negative consequences on workforce availability of GPs, particularly in those areas that are already strained and already face severe shortages of GPs.

Dr Yim: As Dr Hester alluded to, obviously the workforce remains a large issue across the whole state, even in North Queensland. I was speaking to a few GPs and unfortunately their practice closed only recently. As we have mentioned, profit margins are slim, so this exemption would create an additional buffer to ensure the viability of these GPs' practices, especially in rural and regional areas. At the same time, it would continue to encourage them to have those GPs in regional and rural areas and to continue to facilitate training.

Dr Hester: In the last year we have received the good news that there are more junior doctors interested in training in general practice. It is terrific news; we do hope this will serve our communities well. It is hard if you are a GP but do you not have a practice to work from, so maintaining the business viability of the practice that the GP calls home and the patients call home is an immensely important part of providing care for these communities. It is even more acute in our rural and regional areas.

Mr MELLISH: Dr Yim, I think you mentioned in your opening statement that Treasury got back to you and said that the extension of the exemption would not be covered under this part of the bill. What discussions have you had with broader government? Has the relevant minister or Treasurer got back to you on the future expansion of the exemption?

Dr Yim: The discussions we had were during the busy period when there was the transition of government. The majority of the discussion was around GP practices, and our non-GP specialists expressed concern because they are facing the same threat.

CHAIR: Can you talk to us about administrative and reporting arrangements during the amnesty period and the cost to your practices?

Dr Hester: The way general practices work with independent GPs is that typically GPs provide clinical services to patients. They consider that a direct clinical relationship with the patient, but they buy services from the practice. The services that the practice provide are related to the business administration; for example, the following up of Medicare billings, private billings and so on and so forth. It is essentially a service entity. GPs are not well equipped to chase up their own Medicare billings. They often use practice software and IT equipment that has all been provided by the business. The flow-of-funds solution which was proposed was a better solution than having to be liable for payroll tax, but it was still not an ideal solution. There were lots of gymnastics and changes that would have to be made from a business administration point of view—for some of them we do not have adequate IT solutions to roll out—and it would have still cost practices more to administer that flow-of-funds solution. It is a much more elegant solution for the payroll tax exemption to be provided for GP wages. That allows GPs and practices to get on with what they want to be doing, which is providing care for our community.

Dr Yim: The other element is applying for the amnesty. As I alluded to, there is a significant amount of reporting that needs to be done for five years retrospectively. Given the exemption is in place now, we submit there is no further need to submit that paperwork.

CHAIR: I note that in your submission. With regard to the submission you made to us about non-GP specialists, can you expand on that for us? If the committee was to consider those recommendations in the report, what would that look like?

Dr Yim: Expansion to non-GP specialists is obviously an alignment between our public and private hospitals. The majority of our public and private hospitals are already payroll tax exempt. By expanding this, most non-GP specialists would have the same identical structure as our GP practices. At the same time, we know that for the general population their out-of-pocket expenses to see a cardiologist or dermatologist are also increasing, and one of the reasons is due to the fear of payroll tax. This is just an extension of what we are asking for GPs.

CHAIR: Dr Hester made a comment about younger practitioners being interested in general practice. Do you think these changes will make Queensland more attractive to general practitioners?

Dr Hester: Yes, absolutely. It removes some of the barriers for practices to employ training GPs. We know that by nature of being any kind of trainee you are often slower and you require supervision and lots of support to get the best out of that training. It is the same for GPs. Having GP trainees often impacts on the financial top line of practices. It is something we do for the love of the profession and because we know that helps build our workforce. But it costs us money, so anything that removes the barriers to doing that is fantastic. It helps us train GPs. It helps us have healthcare practitioners where they are needed.

Dr Yim: Since both sides of politics announced the payroll tax exemption Queensland has been the No. 1 state. We are the No. 1 state leading the charge to support general practice and primary health care. We also are pushing the federal government to do the same with regard to Medicare rebates. We applaud this and I think we are going to see a big influx of doctors into our state.

CHAIR: That would be a great thing.

Mr Flynn: I would like to reiterate a point that Cath and Nick mentioned. We also mentioned it in our submission. In relation to the way current administrative arrangements for the exemption have been applied from QRO, there is still a grey area in terms of those people who have the amnesty pending but in good faith they provided the expression of interest to the QRO and a significant amount of practice data was requested from them. A number of those practices have held off providing that data pending what was going to happen with the change of government and then the announcement of this exemption, but there is still a bit of a grey area with the current arrangements with QRO. Do you need to provide that data for the amnesty? Is the amnesty still in place for the backdating period? Our members have indicated they would like some clarity around that point.

Mr KING: The chair asked the question, but it did highlight what the member for Cook also said about encouraging practitioners to Queensland, in particular in rural, remote and regional areas. I want to go further and unpack what other states are doing. It seems that as a result of this we will get an influx of GPs to Queensland, which is great. You mentioned that Queensland is leading with the number of trainees. My GP often has a trainee. Coming through an apprenticeship myself, I love training and it is good to see. What are the other states doing and what more could we do?

Dr Hester: That is a fantastic question. It is a competitive market for GPs at the moment because they are so valued by our communities. Many of the other states are offering very generous incentives for GPs. I think Tasmania is offering that $100,000 of HECS fees will be forgiven for GPs working in Tasmania. There is also the $40,000 GP trainee incentive that has been rolled out through Victoria and hopefully will soon be rolled out in Queensland as well. We have certainly seen an uptick in interest and applications for GP training in those two states. On questioning, our GP trainees tell us that those incentives helped them choose a career in general practice. It has had a direct effect and it has been very positive. That is why I can be so confident that the proposed amendments would be very positive for Queensland and our GP workforce.

Mr Flynn: My understanding, from my counterpart in Western Australia, is that the West Australian government is looking closely at both the payroll tax exemption and workforce incentive payments to attract workers to Western Australia and are looking on with bated breath at the outcomes for those workers. When you are dealing with a limited number of trainees, they are coming from one area to go to another—or GPs for that matter—but Queensland as far as the other jurisdictions go, is leading the way with this payroll tax exemption, so one would assume it was going to have a positive outcome for workforce attraction.

Mr KEMPTON: Dr Hester, you talked about welcoming any measures to improve GP services, especially in remote areas. This is a little bit out of scope, but one of the big issues is the infrastructure from which to deliver those services on any sort of permanent basis. There are places where community health centres are totally underutilised. Is greater utilisation of these public health spaces for private GPs to deliver services something that could be encouraged?

Dr Hester: Absolutely. In my urban practice in the outer metro Brisbane/Ipswich area, I own the building. We have set that up. We have invested millions of dollars in this building so that we can provide health care services from it but I know that in more rural and remote areas, there may not be the same capacity for GPs like myself to do that. It is incredibly expensive and it would make sense to use existing facilities if they can be repurposed. I know a number of local councils have engaged with interested GPs in these types of rural areas and successfully provided services from buildings like community centres. So again, if we remove that barrier for people to work as GPs in this area, I think that is absolutely a positive. I do not want to go too far out of scope but the other facilities that are incredibly important in these rural areas are accommodation for GPs and, in particular, GPs in training. It is definitely something I would like to see progress on, and the RACGP would be happy to support any further work that was proposed in that area.

Ms BUSH: I will start by placing my thanks for you all on record, as well. James, you are seeking for the government to clarify the position moving forward for those who have sought protection and amnesty from retrospective payments for payroll tax—that has not been clarified for you at this point; is that a fair summation?

Mr Flynn: That is a fair summation. I think the QRO website at the moment provides direction on the amnesty arrangements. Obviously from 1 December onwards, the exemption applies but there is still I guess an inference on the QRO website that, if you applied for the amnesty, you still need to provide that practice data backdated from 1 December.

Ms BUSH: So there has been no engagement from the minister or the government with your agency on that issue?

Mr Flynn: Not to date, beyond the direction that QRO provided.

Ms BUSH: Nick, I can see that you also agree. Great, thank you.

CHAIR: I note that some other jurisdictions have bulk-billing linked to payroll tax and that the AMAQ in its submission stressed not to have that linkage. Queensland Treasury has responded. Are you satisfied with that response, and could you explain to the committee why it is not a good idea to link bulk-billing with this tax?

Dr Yim: Yes. One of the challenges of Medicare rebates, as you all would know, is that it probably has not kept up sufficiently with inflation. With bulk-billing, if the federal government chooses not to change that Medicare rebate we will be stuck in that same position where we will see costs rising for the patient. That is one of the big reasons why we should not be linking it to bulk-billing. It will add complexity to the accounting for those general practices.

Dr Hester: One of the benefits of the RACGP is that we do not just operate out of Queensland; we are a national organisation. Our leaders in New South Wales, South Australia and Victoria have been negotiating this exact situation. It is a tangled mess. It is very awkward and there is not an elegant solution. It has raised a number of problems, including how we manage billing our veteran patients. 'These patients are not covered by Medicare, this is covered by DVA,' or, 'How do we cover our privately insured patients?' So somebody who has had a motor vehicle accident, or has had a workplace injury. These are just a few examples of where the complexity of that proposal would make things not only very awkward for QRO but also very awkward for practices that are trying to administer and trying to work it out. Again, it would be a disincentive and it would create barriers to the efficient practice of general practice as a business. I do not think the added complexities would be particularly beneficial, to be honest, to the state of Queensland. I think it would just get in the way of GPs getting on with what they want to do, which is to care for patients.

Mr Flynn: I might add for the committee's benefit, Cath and I did meet with the Treasurer and the commissioner for QRO shortly after the Treasurer took office and this was one of the scenarios that we did discuss with the Treasury and QRO. Cath explained those extra parts make it more messy. I think they agreed with us at the time that a full exemption, as was announced, was certainly the better way forward for both patients within Queensland and for providing assurance to GP practices.

Dr Hester: I think it is a simple and elegant solution. I think it clearly sends a message to Queenslanders that primary care is important, and that the state government is supporting patients being able to access GP care in Queensland.

CHAIR: I appreciate the term 'elegant solution'. This question is in regard to the response that your practices or your members' practices were examining and probably investing in accountant services or legal services surrounding different structures that might be put in place. Could you give the committee some sense of that fear and of the cost associated with some of those new regimes that perhaps were not ‘elegant solutions’?

Dr Hester: Yes, thank you. I had concerned practice owners contact me, especially those who are nearing retirement saying, 'I give up, I have had enough. This is too complicated. The state government does not value my services. I think it is time for me to retire and leave my community.' They did not take that lightly. GPs love serving their communities. They do not want to leave anyone without adequate care but it was so stressful that it was the last straw. Even urban practices, who potentially have more financial and more accounting resources at hand, were finding it incredibly stressful. GPs themselves—not just the business owners—found that process very stressful. There was a collective sigh of relief when Queensland GPs heard that there were proposed amendments to payroll tax. It would be very strongly supported throughout the GP community.

CHAIR: Did you have anything to add Dr Yim?

Dr Yim: Nothing further to add, thank you.

Mr Flynn: I will add to Cath's comment in relation to that question. We received direct communication from a large number of members before the full exemption was announced that they were also incurring additional costs to go and see their legal and accounting representatives. I think in some practices, a solution for the flow of funds meant that every GP would require their own EFTPOS machine. So you could have a reception desk that had multiple EFTPOS machines because the EFTPOS machine is attached to the practice so to meet the flow of funds requirement from QRO, every GP would need their own EFTPOS machine. Even investigating that resulted in additional costs and worry for practices. As Cath has described, the elegant solution we have means they continue with the arrangements they have now. When you go to a GP practice, the scenario of having four, five, six EFTPOS machines sitting on the desk is far from elegant.

CHAIR: Thank you very much Dr Nick, Dr Cath and Mr Flynn for appearing before the committee today. Thank you for the representation you make on behalf of your organisations and for the great work that your GPs and specialist GPs provide to our community. The time allocated for this session has now expired and there are no questions on notice. This concludes the hearing. Thank you to everyone who has participated today. Thank you to our Hansard reporters and broadcast staff. A transcript of these proceedings will be available on the committee's webpage in due course. I declare the public hearing closed. Thank you.

The committee adjourned at 11.40 am.