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
Mrs ME Nightingale MP

Staff present:
Ms K O'Sullivan—Committee Secretary
Ms R Duncan—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE REVENUE LEGISLATION AMENDMENT BILL 2024

TRANSCRIPT OF PROCEEDINGS

Thursday, 19 December 2024

Brisbane

THURSDAY, 19 DECEMBER 2024

The committee met at 12.01 pm.

CHAIR: Good afternoon. I declare open the public briefing on the inquiry into the Revenue Legislation Amendment Bill 2024. I am Jim McDonald, the member for Lockyer and chair of the committee. I would like to pay tribute to elders past, present and emerging. With me here today are: Ms Jonty Bush, the member for Cooper and deputy chair; and Mr Shane King, the member for Kurwongbah. Joining us via videoconference are Mr Terry James, the member for Mulgrave; Mr David Kempton, the member for Cook; and Mrs Margie Nightingale, the member for Inala, who is substituting for Mr Bart Mellish, the member for Aspley.

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

This briefing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Witnesses are not required to give evidence under oath, but intentionally misleading the committee is a serious offence. The proceedings are being recorded and broadcast live on the parliament's website. I remind committee members that officers are here to provide factual and technical information. Questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House. I remind everyone to please turn off your mobile phones or put them on silent mode.

McKEE, Mr Simon, Commissioner of State Revenue, Queensland Treasury

MEW, Mr Jason, Director, Policy and Legislation Division, Queensland Revenue Office, Queensland Treasury

CHAIR: Welcome. I invite you to brief the committee. Then committee members will have some questions for you. Please remember to press your microphones on before you start speaking and off when you are finished.

Mr McKee: I would also like to respectfully acknowledge the traditional owners and custodians of the land on which we meet today. I pay my respects to elders past, present and emerging and to anybody who is listening today. The Revenue Legislation Amendment Bill 2024 will amend the Duties Act 2001 and the Payroll Tax Act 1971 to implement revenue related commitments made by the government during the 2024 state election campaign.

By way of background, under the Duties Act, dutiable transactions involving land in Queensland are subject to transfer duty. Duty is generally imposed at the standard progressive rates set out in the Duties Act. However, the Duties Act provides concessional rates of duty for certain dutiable transactions where a person purchases their home, first home or vacant land on which to build or construct their first home. The existing concessions provide transfer duty relief for eligible first home buyers, which is available up to certain value thresholds. The bill will amend the Duties Act to provide full transfer duty relief to eligible first home buyers who enter into eligible transactions to purchase a new home or vacant land on which they will build a new home. This relief will be available for eligible transactions entered into on or after 1 May 2025. The existing transfer duty concessions for first home buyers relating to existing homes and homebuyers generally will continue to be available. The amendments to introduce a full transfer duty relief for eligible first home buyers also ensure this relief will interact appropriately with the existing home concessions. They do not change.

I now turn to the second set of amendments to the Duties Act. That is, the transfer duty home concessions are subject to conditions including that the purchaser must occupy the property within one year of settlement for the home and first home concessions, or two years for the first home vacant land concession. In addition, the purchaser must not dispose of all or part of the property, such as renting or selling the property, before occupation and within one year of moving in. Where the conditions are not satisfied, the purchaser would ordinarily be reassessed to remove the benefit of the concession, either in full or in part. The Duties Act will be amended to enable recipients of the transfer duty home concessions to rent part of their property within one year of moving in and retain the full benefit of the relief. This measure is currently being administered under an administrative arrangement approved by the Treasurer, with effect from 6 December. The amendments will commence retrospectively from that date—that is, 6 December—to give legislative effect to the administrative arrangement.

I now turn to the amendments to the Payroll Tax Act. The Payroll Tax Act imposes payroll tax on taxable wages paid or payable to employees once the total annual Australian taxable wages of the employer or group of employers exceeds the tax-free threshold, which is currently $1.3 million. A mental health levy is also imposed in relation to taxable wages for employers or groups of employers with total annual Australian taxable wages of over $10 million. Taxable wages are those wages subject to payroll tax and the mental health levy under the Payroll Tax Act where they have a connection with Queensland. The Payroll Tax Act contains exemptions for certain wages where relevant conditions are met. Where an exemption applies, those wages are not subject to payroll tax or the mental health levy.

The bill will amend the Payroll Tax Act to introduce an exemption to provide that wages liable for payroll tax and the mental health levy do not include wages paid or payable by medical practices to general practitioners. This exemption is currently being administered under an administrative arrangement, with effect from 1 December 2024. The amendments will apply retrospectively from that date—that is, 1 December 2024—to give legislative effect to the administrative arrangements. This means the exemption will apply to relevant wages paid or payable from 1 December 2024 onwards. I am happy to take questions from the committee.

CHAIR: Thank you, Commissioner. I will go to the deputy chair for the first question.

Ms BUSH: Thanks, gentlemen, for coming in today and for all of the work you have completed on the bill. Obviously, we will support anything that looks to get more rentals and people into home ownership. Today, our intent is to go through the bill a little to understand if it reaches those policy objectives. I have a couple of rapid-fire questions. Only Australian citizens are eligible for the stamp duty components of the bill; is that correct?

Mr McKee: All purchasers.

Ms BUSH: So they do not have to be an Australian citizen? Anybody who purchases a home for the first time in Queensland—

Mr Mew: Yes. The exemption for first home buyers buying new homes applies to anyone purchasing land on which to build their new home or buying their new home in Queensland and is not limited to Australian citizens.

Ms BUSH: Obviously it has to be the first home that they purchase in Queensland, but it does not have to be the first home that they have purchased, period. Potentially, a person could own 10 homes in Singapore, London or New York. If they now want to purchase a home here then that person would not have to pay stamp duty; is that correct?

Mr Mew: It is for their first home anywhere. The amendments in the bill do not change the existing requirements in terms of eligibility for the first home concession. The Duties Act is currently expressed in terms of the first home needing to be the first home in Queensland or anywhere. If someone has owned a home overseas before, they will not be eligible for the first home exemption.

Ms BUSH: Great. Does this apply also for strata titled new townhouses purchased off the plan and those types of homes?

Mr McKee: Yes, it does. Nothing changes from the existing conditions of the first home concession.

Ms BUSH: I have one more technical question around the timeframes. I understand they have to be residing in the home for a 12-month period to be eligible or, for a vacant land purchase, to be in the home for 12 months within a two-year period. Does that mean that they would purchase the land, have to build the house within 12 months and then occupy the home for 12 months to be eligible?

Mr McKee: The conditions in respect of vacant land are that there is a two-year requirement: they must build and occupy that property within that two-year period and occupy it for 12 months. In respect of purchasing a new home, they need to remain in the property for 12 months after occupying it.

Ms BUSH: So I can wrap my head around this, if I purchase a piece of land I need to be in that home within two years and occupy it for 12 months; it is not that I have to have it built and occupied within that two-year period?

Mr McKee: You have to have built the home within two years and commenced occupation, and then remain in occupation for 12 months.

Ms BUSH: Which then takes you up to three years. Within two years the home is built and you are in, and then you have to remain there for 12 months?

Mr McKee: That is correct.

Mr KEMPTON: Thank you, gentlemen, for your time. There is a lot of competition for houses and young people go off to auctions and so on. I am not asking necessarily for an opinion or putting you on the spot, but I am wondering whether you have thought about this: what stops this simply pushing up the price of housing if they say they have this concession so can spend another $10,000 on a house at auction?

Mr McKee: I will refer to the notes.

CHAIR: Would you like to take that question on notice, Commissioner?

Mr McKee: I am happy to do that, Chair, thank you.

CHAIR: Hopefully you can come back during this session.

Mr KEMPTON: I am certainly not trying to put you on the spot. It just crossed my mind. I do not quite understand why we would give a concession on a new house or vacant land. Obviously, that impacts the housing stock. If we are genuinely going to encourage home ownership, why doesn't the same concession apply to people buying their first house that is already constructed?

Mr McKee: Perhaps I could go back to your first question. Because the relief is limited to new builds and targeted at first home buyers only, any impacts on house prices are expected to be mitigated. While the relief is likely to increase housing demand due to increasing the number of first home buyers in the market, limiting the relief to new builds will help increase the supply of new house dwellings and thereby help increase housing affordability more broadly over the longer term. We will now take your second question.

Mr Mew: I can take the second part of the question. Currently there are first home concessions available for first home buyers buying new or existing homes. What the amendment in the bill seeks to do is provide an exemption for first home buyers buying new homes. As you have identified, that relief will be limited to new home purchases. What that means is that the current concessions that are available for first home buyers will remain for those first home buyers buying existing homes.

Mr KEMPTON: I think the second question probably answers the first one. Thank you. Just on the introduction date—I presume that is from the date of contract. When is that going to be? When is it proposed to bring the changes into effect?

Mr McKee: The date at which it will commence is from 1 May currently. Anybody entering into a contract or an agreement after that date will be entitled to the full first home concession or exemption.

Mr KEMPTON: Thank you. That clears up the few issues I had. Thank you very much.

Mr KING: Thanks for coming in. I will remember the microphone sooner or later. This is my first time in this room—lovely room. I just have some questions around the GP payroll tax. What effect will the removal of the GP payroll tax and mental health levy have on published revenue projections for 2024-25?

Mr McKee: Treasury estimates the cost of the exemption at approximately $130 million per annum in revenue forgone for each year of the implementation over the forward estimates. This includes the revenue forgone under the amnesty for payments to contracted GPs as well as other amounts, including those related to employee GPs. The impact of the amnesty is reflected in those published forecasts.

Mr KING: There was a public ruling made about restructuring recently—allowing GPs to restructure. Has that had any change on the QRO's projections?

Mr McKee: That administrative arrangement was under the previous government. The Treasurer has signed off on a new administrative arrangement to ensure it fits, in terms of the timing of it, with the new exemption. He signed off on that on—what date, Jason? I can get back to you.

Mr KING: In your opening statement, did you say something about December?

Mr McKee: It takes effect from 1 December—the relief—and I think that was signed on 6 December.

Mr KING: Okay. All right. I will leave that for now. I might want to come back. I will ponder on that for a bit. Thank you.

Mr Mew: If I could add a few more comments to what the commissioner has said, I think the ruling that you are referring to explains the operation of the relevant contract provisions in the Payroll Tax Act for medical practices in particular. From what we have been observing in some of the media reports, I think there has been a bit of interest in seeing what the government might do in terms of the payroll tax exemptions. In terms of whether medical practices have moved to align their—

Mr KING: Restructure.

Mr Mew: Yes, restructure or align their arrangements in line with what is expressed in the public ruling, I do not think we have had information or would be able to comment on that.

Mr KING: Thank you.

Mr JAMES: Following on from David's question about the transfer duty relief for first home buyers that will commence on 1 May, why was that date chosen? Why not earlier?

Mr McKee: A transfer duty is imposed, obviously, under the Duties Act 2001. Legislative amendments are required to implement any relief from transfer duty, including this relief for first home owners. The relief can only commence once the necessary amendments to the Duties Act have been made. Like any other legislative amendments, they must proceed through the parliamentary process, including the committee consideration process. The 1 May 2025 commencement date allows sufficient time for this process, which is critical for transparency, obviously.

Also, for transactions to purchase a home or vacant land on which a home will be built, it is common for transfer duty to be self-assessed and paid up-front by self-assessors registered with the Queensland Revenue Office, who acts on behalf of the purchaser. Self-assessors are typically solicitors or tax agents. The 1 May 2025 commencement date will give these self-assessors sufficient time to understand the eligibility requirements for the new relief and update their systems and processes to accommodate these changes.

Mr JAMES: Has there been any modelling around how many Queenslanders may utilise these new concessions?

Mr McKee: The exemption is expected to benefit thousands of Queensland first home buyers each year. It will be available to all first home buyers, if they choose to purchase a new home. Treasury estimates broadly indicate that around 3,000 first home buyers per annum could benefit from this measure, inclusive of additional demand expected to be induced given the more favourable tax treatment for new builds compared to existing dwellings.

Mr JAMES: Some 20,000. Can you break that up into regions? I am particularly interested in the Far North Queensland region, obviously.

Mr McKee: I do not have before me modelling by region. We can take that on notice, if you wish.

Mr JAMES: That would be good. Thank you. That is all.

Mrs NIGHTINGALE: My interest is back to the housing issue again, and I am interested in women over 55, who are currently one of the most vulnerable groups and at the highest risk of homelessness. Many of these women have faced domestic violence and have fled relationships which may have involved assets, which may have included a house, but have been left financially destroyed and are very vulnerable to either current homelessness or future homelessness. Can you explain what the bill does to support these women?

Mr McKee: The legislative amendments in the bill are broad and would encompass those persons. There are no particular amendments that I am aware of that deal specifically with the women's age group that you describe.

Mrs NIGHTINGALE: Thank you for that answer. I just want to clarify: I am interested specifically in women who may have had involvement in a property with a previous partner who have then been left, obviously, without that asset.

Mr McKee: The design of the first home exemption is such that, if two people are purchasing a home together and one of them has previously benefited from the exemption, the other concessions available in the act would still be available to them, and the remaining person, if it is their first home, would be entitled to the full exemption. It is done on a pro rata basis, effectively. Otherwise, if that person, as you described, had previously owned a property anywhere in the world, they would still be entitled to the home concessions which are currently available.

Mrs NIGHTINGALE: So if her and her partner were both first home owners and had claimed that concession for their first property, which she then left as a result of domestic violence, she would not be eligible under this new change?

Mr McKee: She would be eligible for the existing concessions, and that is a full exemption up to $700,000, phasing out up to $800,000. On a new build it is up to $500,000—that is, vacant land, I mean.

Mrs NIGHTINGALE: Thank you.

CHAIR: The Premier made a commitment during the election campaign—in fact, 12 months out from the election—to say that he would like to see Queensland go from last place on the home ownership ladder to first place. Will these revenue measures assist in achieving that goal?

Mr McKee: I do not have information available to me, but the expectation is that assisting first home owners to access the market, of course, would stimulate the market and get them into their first home sooner.

CHAIR: In terms of the education and communication around this matter, do you have a plan to do that, to make sure Queenslanders are well aware of these opportunities?

Mr McKee: We always have a communications strategy for the introduction of any new legislation or amendments to legislation. In this case, we will be contacting individual self-assessors who, as I explained before, are conveyancing lawyers who normally undertake this work. We are contemplating writing to the Australian Bankers' Association on behalf of the Treasurer—or the Treasurer himself will do that—to highlight the new exemption. Is there anything else, Jason? Jason just mentioned that the normal process is that we update our website content—we have a flash page on the front or 'new changes' on the front of the website and then you drill down as you go through the website into the detail.

CHAIR: Thanks for that answer. With regard to financial institutions or private providers of loans, is there any restriction where first home owners have to go through a bank or can the whole private market access this?

Mr McKee: There are no restrictions.

CHAIR: Thank you very much.

Ms BUSH: In the introductory speech, the Treasurer stated that the LNP will seek to boost the rate of home ownership in Queensland to be the highest in the country by 2032. Has Treasury undertaken any modelling on what percentage shift that would need to look like by 2032?

Mr McKee: The Queensland Revenue Office undertakes administration of the laws and the broader Treasury looks at the modelling. We would have to take that question on notice.

Ms BUSH: On paper, I think we are at 65 per cent and Victoria leads at 72—it is like a seven per cent kind of shift. Obviously, there is far more complicated modelling around projections of migration and demographic shifts. I would certainly be interested in understanding any sense of what that could look like.

Mr McKee: We will take that on notice.

Ms BUSH: Thank you. I can give it to the secretariat as well, if that helps. The next question I had was just in relation to the clauses in the bill that allow for first home owners to rent out bedrooms and unoccupied or under-utilised rooms. QCOSS did some really good work and approximated that about 208,000 Queensland homes had rooms that were under-utilised. Do you have a sense, again, of demand? Is there any kind of mechanism where Treasury or Queensland Revenue Office have been able to test what the demand for that option could be for people?

Mr McKee: The headline numbers are around 20,000 first home buyers each year in Queensland as well as thousands of non-first home buyers who could benefit from the measure. I have a paper with my detailed information, if you would allow me to find that, or we can come back to that question.

Ms BUSH: I happy for you to come back to it. That is it for me at the moment, Chair, but I reserve my right to ask another one.

CHAIR: Member for Cook, do you have any other questions?

Mr KEMPTON: No, I am right for now, thank you, Chair.

CHAIR: Member for Kurwongbah, do you have a question?

Mr KING: Thank you. I want to go back to the GP payroll tax issue. What has been raised in the past around that payroll tax? Is there any historic data on the revenue? You said that we would be forgoing around $120 million every year in the forward projections. I am wondering what has been raised in the past with regard to the GP payroll tax and the mental health levy?

Mr McKee: In the budget papers we do not identify particular groups or individuals with regard to payroll tax. If we undertake data analysis, we do that through the ANZSIC code and drill down into that. I do not have information available as to how much of an impact that would have, other than the estimates of $100 million per annum over the forward estimates and then the additional expected impact—the figure that you quoted.

Mr KING: It seems to have come to a head over the years since the pandemic. Excuse my naivety regarding the history of it, but maybe GPs put on extra staff to give injections or whatever. Does this go back a long way or were they exempt in the past?

Mr McKee: The payroll tax provisions in the act, particularly relating to contractors, have been in in force since 2018 and they have been interpreted by the commissioner consistently since that time. There has been no change in terms of the legislation or the administration up until the amnesty. The amnesty is backdated to 2018 through to 30 June 2025. Of course, the exemption will now replace that, and we are going to administer it so that those dates are consistent.

Mr KING: I am wondering whether they were maybe not meeting the threshold and then all of a sudden they met the threshold and this became an issue. That is a comment from me and not a question for you.

Mr McKee: No. The current threshold for payroll tax is $1.3 million. Of course, that does not impact small medical centres or GPs. It should be remembered that the GP contractor arrangements in the act are an anti-avoidance measure and hence the amendments that exempt it apply both to contractors and to employees so that there is no distortion in the employment arrangements for doctors where they shift employee doctors across to contractors.

Mr KING: Thank you very much for that. I was trying to understand the history and how we have come to where we are.

CHAIR: I will go to the member for Mulgrave.

Mr JAMES: Why would we not consider existing homes given that it is sometimes impossible, particularly up here, to get a builder in the first place? Is there a reason for that? I refer to other than renovated homes, which I am aware of.

Mr McKee: The existing concessions remain in place where there is a full exemption up to $700,000 and then it tapers off up to $800,000 for existing homes. If you are a first home buyer buying an existing home then you retain that exemption. This is a full exemption where it is a first home buyer who buys a new home or land on which to build a new home.

Mr Mew: This bill implements the government’s election commitments around revenue measures that were framed in terms of new homes. Our advice from Treasury is that confining the exemption to new homes will help to increase supply. As the commissioner said, there will still be an existing first home concession available for first home buyers buying existing homes. It is not like first home buyers buying existing homes miss out completely. That concession is available up to a certain value limit and once the value of the property exceeds that limit first home buyers will still be able to access the transfer duty home concession.

CHAIR: Member for Inala, do you have any questions?

Mrs NIGHTINGALE: Yes, please, Chair. My question is about payroll tax. I note that the Treasurer mentioned the removal of the payroll tax and some consultation. However, there was no mention of the removal of the mental health levy. At what point was this raised with Treasury and how will it impact the budget forecasts?

Mr McKee: The mental health levy, as with payroll tax, for medical practices that employ GPs either through a contract or employment arrangements are exempt. When there is no change, they are exempt from both the mental health levy and payroll tax.

Mrs NIGHTINGALE: Will that impact or change the previous budget forecast and what would that be?

Mr McKee: The figures in relation to the mental health levy are baked into the estimate figures. I would also say that the mental health levy kicks in when wages are above $10 million. The impact, particularly where you have smaller medical centres and GPs, would be either zero or minimal.

CHAIR: I have a couple of other questions with regard to the interconnectedness of the property market—and I think this goes to a couple of other questions regarding the existing benefits for first home owners. Has any modelling been done regarding people who are in a rental property or living at home and going into a new property? By my reckoning, that will mean a significant number of additional properties in the market?

Mr McKee: I do not have any data or information available to me at the moment. Again, we can take that on notice. I am not sure whether that has been modelled by Treasury, but we can find out and get back to you, if that is all right.

CHAIR: Thank you for that. In an answer before you mentioned $130 million in revenue in relation to the GP tax.

Mr McKee: It is basically revenue forgone. The $100 million per annum in the forward estimates was estimated when the amnesties were applied. It is the additional forgone revenue in respect of contracted or employed doctors who have been paying payroll tax. Basically, it is saying that this amount totals about $61.8 million over the four years to 2027-28—part-year implementation in 2024-25—with impacts ongoing beyond the forward estimates.

CHAIR: Was any modelling done regarding the loss of revenue regarding this first home ownership measure? There was some modelling regarding numbers of properties of 3,000-odd, but was there a quantum of revenue attached to that?

Mr McKee: Treasury estimates that the relief will result in approximately $47 million per annum in revenue forgone for each full year of implementation over the forward estimates period to 2027-28.

CHAIR: Thank you. Deputy Chair, do you have any further questions?

Ms BUSH: Yes, thank you, just to pick up on a couple of questions that the chair and maybe the member for Inala asked around the GP payroll tax and mental health levy. I am struggling to work out what this bill does. It sounds like it is preserving the status quo—that is, that those decisions had already occurred and medical practitioners were not contributing to the mental health levy anyway. I am trying to work out what the difference is. What does this bill do in that regard?

Mr McKee: I will use an illustrative example that some GP medical practices would be below, first of all, the $1.3 million threshold in respect of payroll tax but also the $10 million threshold for the mental health levy. Of course, there would be others above that. That is what the bill seeks to address, at least in part. It is a full exemption for employed and contracted GPs employed through medical centres. That has been broadened. In determining the parameters of the exemption, the AMAQ and the RACGP were consulted and contributed to the final design of the exemption.

Ms BUSH: There is no sense of how many practitioners or how many centres or businesses would have been caught up paying payroll tax and the mental health levy?

Mr McKee: Yes, there has been modelling done to enable Treasury to do the estimates. The actual number of medical practices or GPs I do not have to hand.

Mr Mew: As the commissioner was saying before, on payroll tax returns it is not necessary for the Revenue Office to collect information about the industry so we do not have a breakdown.

Ms BUSH: Is there any sense of, collectively, what the impact is of this bill? Obviously there is some quite a bit of revenue attached to what might have been payroll tax plus stamp duty. What does that contribute to the economy? Do we have a sense in total of what revenue will be lost to the Queensland government through this bill?

Mr McKee: I would probably reframe it in the context of: rather than revenue lost, it is revenue forgone. I know that is just a play on words. With the GP payroll tax for starters, the amnesty already baked in that $100 million each year over the forward estimates. The additional amount, which we spoke about, was $61.8 million over the four years forward estimates. In respect of the first home owner exemption, the figure for revenue forgone is $47 million per annum over the forward estimates. They are two figures of revenue forgone. Essentially, the GP payroll tax was not being collected in any event.

Ms BUSH: Thank you for explaining that. You mention consultation with the AMAQ and the Royal Australian College of General Practitioners. In terms of the clauses in the bill relating to stamp duty, property and home ownership, was consultation undertaken with stakeholders during the development and design of this bill?

Mr McKee: In respect of Queensland Revenue Office consultation, we do not normally consult on measures such as this which are akin to budget measures, particularly where they are beneficial. That was the case for both measures. We did consult with the AMAQ and RACGP on the design to ensure that was fully considered by the Treasurer.

Mr Mew: The amendments to the Duties Act are quite technical in nature. Giving that this bill is about giving effect to the government's election commitments, our task was really about how to make that work in the legislation to ensure the outcomes are as intended.

Ms BUSH: I appreciate it is a revenue bill, but, obviously, it has an effect on the housing market. I would imagine that there would be consultation, at least through government, with those with expertise in the housing market around how that might interact. For example, I think QCOSS did some good work in saying that when people move into home ownership it tightens the rental market. While I support people owning homes—I think we all would—if it reduces and restricts the rental market, what safeguards can be put into this bill? I also recognise that we are now at Christmas and we are asking stakeholders to make submissions through this process. A lot of services will not be available. I am flagging: is there a likelihood of unintended consequences with this bill that will have a negative effect on the housing market?

Mr McKee: Treasury undertakes an internal analysis of the markets. I would say that with respect to renting a room, for example, the impact would be negligible because prior to any changes people were not obligated to advise the commissioner if they were renting out a room. Indeed, if you rely on other data from the ATO or RTA, then if they are renting out a room it is unlikely—it is a formal lease of the whole property—you would have that data.

With respect to the broad impact on the market, given that it is targeted relief to first home buyers purchasing new homes and given that in terms of demand the market is easing, there was not expected to be a significant impact to the market. I can get more detail on that. I have a paper on that.

Ms BUSH: I am very supportive; please do not get me wrong. In my community, someone might be renting and when the home goes on the market and is purchased—somebody who is not even living in Australia potentially could purchase this home and move into it—it then becomes one less house on the rental market. I am trying to work out how that interplay works and perhaps whether safeguards should be put in around upper limits.

CHAIR: Is that a statement or a question?

Ms BUSH: It is a question. Should there be safeguards put into this bill to make sure it is directed at those who need the support most?

Mr McKee: I think the broad parameters of the first home concession and the existing concession together provide broad relief for both homebuyers and first home buyers.

Mr KING: Returning to payroll tax, there are no large or small GPs paying it at the moment because there are existing exemptions, so at this stage no-one is paying it and this will preserve the status quo. The member asked the question and I wanted to clarify for myself whether that is the case.

Mr McKee: There would be GPs paying payroll tax up until 1 December who did not fit within the parameters of the previous amnesty. These people who were not paying it and were subject to the amnesty conditions of course were not paying it.

Mr KING: I would like to thank you once again for coming in and wish you all a merry Christmas.

Mr McKee: I do have some brief responses to clarify earlier questions.

CHAIR: Thank you. Then we will go to the members for Cook and Mulgrave.

Mr McKee: With respect to the question about impacts to the broader market, recent data shows that growth in new and used construction in recent quarters and supply constraints to the residential construction sector are easing. Annual growth in the housing construction input costs index in Brisbane continues to slow substantially. Growth in input costs was 1.8 per cent over the year to the September quarter 2024, significantly lower than the 5.9 per cent growth over the year to the September 2023 quarter. Importantly, the relief is limited to a narrow segment of the housing market; that is, first home buyers purchasing new properties. This will help reduce the risk of adverse impacts in the industry. This is in contrast to programs such as the Australian government's HomeBuilder, which provided temporary grants for all eligible homebuyers—not just first home buyers—and renovators, thereby impacting a larger segment of the market and therefore consequent impacts.

The deputy chair also had a question about renting a room. The amendments will remove the potential barrier to rooms being offered up for rent and in doing so may help improve rental supply in Queensland. The rental income that first home buyers will be able to earn will help offset some housing cost pressures, which are often greatest in the first year of ownership given mortgage repayments and other transaction costs currently. There are around 20,000 first home buyers each year in Queensland. Based on transfer data and ABS leading indicators, all of these first home buyers could potentially benefit from the change if they were to rent out a room in the first year of occupancy. In addition, there are many thousands of non-first home buyers purchasing a home to live in who could benefit from the change and bring rooms onto the market. It is not possible to estimate the number of first home buyers or overall homebuyers who might choose to take advantage of this policy given data limitations, as I indicated.

CHAIR: Member for Cook, do you have any further questions?

Mr KEMPTON: This is perhaps more of an observation in response to the deputy chair's comments about foreigners. It has been a long time since I have been involved in conveyancing, but are there restrictions within the existing Foreign Investment Review Board guidelines about people purchasing their first homes in Australia, or would we need to go somewhere else for that information?

Mr McKee: We do not have that particular information but, as my colleague Jason Mew indicated, there are limitations if you have owned a property anywhere in the world in terms of being able to avail yourself of the exemption.

Mr KEMPTON: That is within this proposed legislation. I just wonder whether, for the purposes of greater detail, it would be worth including some information about the impact of the FIRB on purchases, irrespective of this legislation, which may allay some of the fears the deputy chair has about foreign people buying up stock. It is really more of a suggestion than a question.

CHAIR: Member for Mulgrave, do you have any questions?

Mr JAMES: No, thanks. I am all good.

CHAIR: Member for Inala, do you have any questions?

Mrs NIGHTINGALE: No, thanks, Chair.

CHAIR: Commissioner and Director, thank you very much for your appearance today. There were a couple of questions taken on notice regarding modelling. Can you get responses to the secretariat by Thursday, 9 January 2025?

Mr McKee: Yes, Chair.

CHAIR: Thank you for your appearance today. Thank you to our Hansard reporters and broadcast staff. A transcript of today's briefing will be available on the committee's webpage in due course. I declare this public briefing closed.

The committee adjourned at 12.52 pm.