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26 February 2020

Committee Secretary
Transport and Public Works Committee
Parliament House
George Street
Brisbane Qld 4000

BY EMAIL – tpwc@parliament.qld.gov.au

Dear Committee Secretary,

RE: Consultation - Building Industry Fairness (Security of Payment) and Other Legislation Amendment Bill 2020

Thank you for the opportunity to comment on the Building Industry Fairness (Security of Payment) and Other Legislation Amendment Bill 2020 (the bill). The Urban Development Institute of Australia Queensland (the Institute) appreciates this opportunity and acknowledges the reform to the earlier projects bank accounts legislation (*Building Industry Fairness (Security of Payment) Act 2017*).

The development industry is a major contributor to the Queensland economy. As the third largest industry of employment within the state, it directly employs 10 percent of the Queensland workforce, and indirectly supports a further 13 percent. Underlining its importance to the state's economy, the development industry directly contributed \$26 billion to the Queensland economy in 2017, or 8 percent of Queensland's GSP, and a further \$35 billion through indirect economic impacts (11 percent of GSP).¹

We also point to the significant challenge the community as a whole and the development industry in particular faces in meeting the challenge in providing affordable homes to meet the growing population. Using South East Queensland as an example, the South East Queensland Regional Plan 2017 (*ShapingSEQ*) sets the benchmark of needing to provide 793,700 homes for a population growth of 1,886,600 between 2016 and 2041. Delivering on this challenge requires an agile development industry working in concert with government to achieve affordable housing.

The Institute emphasises this issue to provide understanding of the Institute's concerns in regard to risk. According to the Grattan Institute the housing market is one of the few that behaves in reality as expected in theory; in that scarcity of homes results in increases in home prices to the considerable detriment to those segments of the community seeking to buy a home, particularly those families already experiencing housing stress².

Risks that lead to reduced confidence in the new housing market, impinge on the supply of capital for housing and add costs can, in the Institute's view, lessen the number of new dwellings developed and thus increase pressure for home price rises. Reduced new housing numbers removes the flow through of existing housing to the groups in high need of housing in the community either private ownership or rental.

¹ Urbis, *The Contribution of The Development Industry to Queensland*, March 2018

² Daly, J. 2019. *The Future of Housing*. 28 February 2019, Brisbane

The provisions of the bill that impact on the developer could occur with little knowledge of the developer. In practice the developer puts in place a contractor to undertake works on the site and then has little involvement on site, including in some cases not having rights to access the site. This situation is a significant control on the developer for which they have little knowledge or opportunity to redress the circumstances that bring forward the claim.

The bill also requires rapid response to a claim and significant penalties for which the developer would not already ordinarily be aware of or prepared for. The Institute also holds some concerns that the requirements upon financiers may have similar issues.

The provisions also raise the spectre of a charge being sought on land that is not owned by the developer.

The Institute recommends the legislation be further consulted with the property industry to ensure practical and reasonable measures are put in place. The Institute is concerned that the provisions impacting upon the developer of the property have not been thoroughly consulted with the industry. The provisions have been introduced without this critical input and should not be put in place without full consultation with the Institute and its members.

Thank you for the opportunity to comment, should you have any wish to clarify or discuss this matter please contact Manager of Policy, Martin Zaltron [REDACTED].

Yours sincerely,

Urban Development Institute of Australia Queensland



Kirsty Chessher-Brown
Chief Executive Officer