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Department of
**State Development, Infrastructure,
Local Government and Planning**

Mr Jason Falinski MP
Chair
House of Representatives Standing Committee on Tax and Revenue
TaxRev.reps@aph.gov.au

Dear Mr Falinski MP

Thank you for your email of 17 November 2021 about additional questions on notice from the House of Representatives Standing Committee on Tax and Revenue. This letter provides answers to questions taken on notice during the public hearing, as well as those received after the hearing.

This letter has been prepared as a joint response from the Department of State Development, Infrastructure, Local Government and Planning and the Department of Communities, Housing and Digital Economy. Our agencies continue to work closely together to respond to issues of housing affordability and supply in Queensland.

We thank you again for the opportunity to appear at the public hearing on 8 November 2021.

If you require any further information, please contact Mr Christopher Aston, Executive Director Policy and Legislation, Planning Group in the Department of State Development, Infrastructure, Local Government and Planning, by telephone on [REDACTED] or by email at [REDACTED], who will be pleased to assist.

Yours sincerely



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Questions on Notice

House of Representatives Standing Committee on Tax and Revenue: Enquiry into Housing Affordability and Supply in Australia

Asked on 8 November 2021

THE MEMBER FOR LONGMAN, QUEENSLAND ASKED THE STATE PLANNER, *DEPARTMENT OF STATE DEVELOPMENT, INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING* (MR KERRY DOSS)—

QUESTION / STATEMENT:

Mr Young stated that he had heard that the State would not be progressing its assessment of the North Harbour Priority Development Area (PDA) until advice about the Commonwealth Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act) had been given. Mr Young advised that there was no need for this, and that the assessment can occur concurrently. He suggested that the difference between assessing concurrently and waiting for EPBC assessment (which won't be until Jan) would prolong the process for turning soil on the project from early to mid-next year

ANSWER:

The Queensland government is committed to the declaration of the North Harbour PDA. To this end, officers from Economic Development Queensland (EDQ) and the Moreton Bay Regional Council are working collaboratively and proactively to progress declaration as soon as possible.

While PDA declaration is not awaiting Commonwealth EPBC approval, Council and the State acknowledge that without this approval, development on the site cannot progress even with a PDA declaration.

The existing 2012 EPBC approval only covers part of the land proposed to be included in the PDA and the development as now proposed is substantially different to that covered by the historic approval.

EDQ is aware that in late July 2021, an EPBC Act referral was submitted to the Commonwealth Department of Agriculture, Water and the Environment (DAWE) and that on 30 August 2021 the Referral Decision Timeframe Period was suspended pending the provision of additional information from the proponent. EDQ understands that additional information was provided on 22 November 2021 and a decision is now pending.

However, even if EPBC Act matters are resolved in January 2022, development could not occur in February 2022 as claimed by Mr Young as the proponent will still need to seek and obtain approvals for the proposed land uses, environmental impacts (including dredging and other works in the Caboolture River) and engineering works for the roads, filling, flood mitigation works etc.

The proponent has been advised that Council and EDQ have also identified Native Title as a threshold issue affecting the progression of the development as proposed and that this is the proponent's responsibility to resolve.

As the land is located outside the Urban Footprint of the South East Queensland Regional Plan, infrastructure upgrades required to facilitate the development have not been planned for or budgeted by the State. As such, funding of the bring-forward costs for this infrastructure also needs to be agreed between the State, Council and the development proponent.

Due to the complexity of the matters associated with the proposed development EDQ, on behalf of the Minister for Economic Development Queensland, is meeting regularly with Council officers, sharing information and determining a mutually agreed declaration timeframe.

THE MEMBER FOR LONGMAN, QUEENSLAND ASKED MR MARK WALL, GENERAL MANAGER, STRATEGY, POLICY AND PROGRAMS, DEPARTMENT OF COMMUNITIES, HOUSING AND DIGITAL ECONOMY—

QUESTION:

When we talk about affordable housing, the shortage of public housing is another issue in Queensland, and it's my understanding—and I'd like to know whether this is true or not—that, in the last eight years, the Queensland state government has actually sold off 3½ thousand public houses, which is only exacerbating the problem.

Are we able to get, on notice, the figures for Queensland public housing for the last eight years? That would be very helpful.

ANSWER:

The Department of Communities, Housing and Digital Economy's (DCHDE) owned social housing portfolio comprises approximately 61,000 dwellings throughout the State. Given the size and characteristics of the portfolio, it is essential that it be managed in a strategic manner in order to meet long-term housing need.

The sale of dwellings is a critical component of the management of DCHDE's portfolio and has been normal practice for decades in Queensland. It ensures the portfolio continues to provide fit for purpose targeted, equitable, sustainable and cost-effective social housing accommodation, and that properties do not become a maintenance and financial burden.

The revenue from the sale of properties is reinvested into more new social housing that is modern, more efficient and has improved accessibility.

Between 2012 and 2014 the total number of social housing dwellings in Queensland fell by 428. However, since 2015 there has been a year-on-year increase in the total number of social housing properties in Queensland. It is also important to note that a number of the properties sold were purchased by social housing tenants.

The following table illustrates dwelling sales (excluding vacant land) from 2012-13 to 2020-21:

Financial year	Number of dwelling sales
2012-13	225
2013-14	297
2014-15	279
2015-16	269
2016-17	229
2017-18	312
2018-19	291
2019-20	284
2020-21	191

THE MEMBER FOR COOPER, VICTORIA ASKED MR KERRY DOSS—

QUESTION:

The Queensland submission notes “Many of the performance indicators are...outside the scope of the NHHA or outside the control of the States and Territories...”. Maybe you could elaborate on that. I'm interested in the operation of the NHHA. In particular, how would you describe the state of its objectives currently, and could you explain this with regard to funding from both the state and federal governments.

ANSWER:

The objective of the National Housing and Homelessness Agreement (NHHA) is to contribute to improving access to affordable, safe and sustainable housing across the housing spectrum, including to prevent and address homelessness, and to support social and economic participation.

NHHA funding is broadly commensurate with the agreements it replaced. These were the National Affordable Housing Agreement (NAHA), NAHA funding in scope of the Social and Community Services Supplementation National Partnership (SACS NP), and the National Partnership Agreement on Homelessness (NPAH). However, funding under the NHHA is proposed to reduce with the Australian Government announcing its intention to cease to fund Social and Community Services (SACS) Equal Remuneration Order equivalent funding under the NHHA from 2023-24.

Funding for housing also decreased on the expiry of the National Partnership on Remote Housing (NPRH) on 30 June 2018, with the Australian Government providing a final payment of \$105 million. The Queensland Government has reserved the right to negotiate with any future Australian Government for continued funding.

Without further commitment from the Australian Government, funding for housing, homelessness and remote housing will have declined from \$378.9M in 2017-18 under the former agreements to \$331.9M in 2023-24.

The degree to which the NHHA is delivering on its objectives is to be the subject of a review by the Productivity Commission (PC) to be completed at least 12 months prior to 30 June 2023 (30 June 2022). Final Terms of Reference for the PC Review of the NHHA have not yet been released.

Progress towards achieving the objectives of the NHHA is to be informed with reference to the national performance indicators.

In its response to the draft Terms of Reference for the PC Review, the Queensland Government called for consideration of the adequacy of funding to be considered, in the context that funding to the Queensland Government for housing and homelessness has not increased in real terms under the NHHA.

The Queensland Government has also sought for the PC Review acknowledge the range of economic and social factors outside scope of the NHHA that impact on housing and homelessness outcomes, individual State and Territory contexts including demographics and distance, and that Australian Government taxation and support levers are not currently incorporated into the NHHA.

The NHHA states that the Australian Government's estimated financial contribution to the State is not contingent upon performance against the performance indicators. However, the NHHA has set an expectation of improved performance in the absence of additional funding. Progress towards achieving the objectives and outcomes of the NHHA will be informed by 14 performance indicators spanning social housing, homelessness, housing supply and planning and zoning. Many of the performance indicators are influenced by factors outside of the scope of the NHHA or outside the control of States and Territories, such as economic conditions, income and population growth and household formation rates.

With this in mind the Queensland Government has sought for performance-based funding to be specifically excluded from consideration in the PC Review.

The draft PC Review Terms of Reference reach to the funding principles of the ongoing multilateral NHHA. These funding principles were introduced to the Australian Parliament, and legislated, without consultation with States and Territories. The Queensland Government has sought assurance that the Australian Government will not act unilaterally to modify the NHHA through further amendments to the Federal Financial Relations Act 2009.

THE MEMBER FOR KINGSFORD SMITH, NSW ASKED MR KERRY DOSS—

QUESTION:

With regards to transfer duty—

Does Queensland index the dutiable value thresholds for transfer duty and if not why?
Would Queensland consider indexing values in the future?

ANSWER:

Queensland does not index the value thresholds for transfer duty, consistent with the approach taken in all other jurisdictions except New South Wales.

It is common practice not to index tax brackets, including for federal taxes such as company tax and income tax.

Not only is the median property in Brisbane 18 per cent cheaper than the median property in Melbourne and 40 per cent cheaper than the median property in Sydney, Queensland homebuyers also enjoy some of the lowest rates of tax on property.

At the time of the 2021-22 Queensland Budget, purchasers of a principal place of residence in Queensland pay significantly lower duty than their interstate counterparts at the median dwelling price in each capital city.

New South Wales purchasers of median priced homes would pay \$27,296 more than Queenslanders, Victorian purchasers would be \$27,797 worse off and Western Australian buyers would pay \$7,089 more in transfer duty.

Combined with lower purchase prices in Queensland, buyers in Queensland pay around 2 per cent of the median price in duty, compared with 4 per cent in New South Wales and 5.3 per cent at the standard rates in Victoria, based on median prices at the time of the Budget.

Additional Questions on Notice

House of Representatives Standing Committee on Tax and Revenue: Enquiry into Housing Affordability and Supply in Australia

Asked by the Chair of the Standing Committee on Tax and Revenue, Mr Falinski on 17 November 2021

QUESTION 1:

You also mention that work is underway within the Department of State Development, Infrastructure, Local Government and Planning (DSDILGP) on four actions, including Action 3.2: Investigate introducing inclusionary planning requirements into the planning framework. What might these inclusionary planning requirements look like?

ANSWER:

Planning Group (within DSDILGP) and DCHDE are jointly investigating opportunities for the planning framework to contribute a supply of social and affordable housing through inclusionary planning. In some jurisdictions, this is known as inclusionary zoning, where a proportion of new development must be affordable to people on low to moderate incomes.

The project involves investigating how this has been done in other areas of Australia and internationally, and will rigorously evaluate options to develop a model that can suitably facilitate a pipeline of social and affordable housing in the Queensland context.

This evaluation will be undertaken through a Regulatory Impact Statement process that will include cost benefit analysis on potential options and public consultation with key stakeholders, government, industry and the community.

Inclusionary planning requirements will be considered for implementation in priority development areas and the development of state-owned land, as well as in the broader Queensland context.

QUESTION 2:

What is the update on the ShapingSEQ and North Queensland regional plan?

ANSWER:

ShapingSEQ

The South East Queensland (SEQ) Regional Plan (*ShapingSEQ*) was released by the Queensland Government in August 2017. This plan provides a framework for managing the region's expected population, dwelling and employment growth to 2041 and beyond. It was developed in consultation and significant engagement with the state agencies, the region's 12 local government areas, industry, peak organisations and the community.

The plan includes a number of principles, strategies, benchmarks, baselines, 36 implementation actions and preferred futures that inform state and local government planning for this growth.

The plan is currently in an implementation stage, including annual reporting on the identified implementation actions and progress towards the preferred futures, including the Land Supply and Development Monitoring reporting and Measures that Matter.

Regional plans are generally reviewed every five to seven years, with *ShapingSEQ* identifying that a review of the plan is to be delivered between 2022-2024.

North Queensland (NQ) Regional Plan

The NQ Regional Plan was released by the Queensland Government in March 2020.

The NQ Regional Plan supports a strengthened economic focus and highlights the economic opportunities for the region over the next 25 years. It represents the latest example of next generation regional planning in Queensland, aligning economic strategy with long-term land use and infrastructure planning.

The NQ Regional Plan has now moved into the implementation phase and the Queensland Government is working across all tiers of government to align longer-term implementation actions in the NQ Regional Plan with more immediate economic response initiatives.

Reporting on the implementation of the plan will be via a ‘health check’ report to be released every two years. The first report is due in 2022.

QUESTION 3:

Your submission does not call out any recommendations, however, highlights that housing affordability is currently an issue in Queensland. What are you doing to assess the issue?

ANSWER:

As a state from March 2020, there has been a significant change in population growth, primarily driven by high interstate migration flows.

This has placed additional pressure on the housing market, leading to an increase in house prices and reduction in housing affordability, tightening of the rental market, increased demand for social housing and for housing and homelessness services.

Whilst the Queensland Government has committed additional accommodation, the Commonwealth’s decision relating to the cessation of the National Rental Affordability Scheme is going to leave a gap in the service system for Queenslanders in need of housing assistance. The conclusion of this scheme will leave thousands of Queensland families worse-off as they pay increased rent on their home while family budgets are being stretched to the limit.

With more than 9000 households exiting the program over the next three years, it will place further pressure on housing affordability in Queensland

The Queensland Government has released the *Queensland Housing and Homelessness Action Plan 2021-2025* (the Action Plan) for the next stage of the *Queensland Housing Strategy 2017-2027*. This Action Plan will support better long-term housing outcomes and move more vulnerable Queenslanders into safe, secure and affordable housing, sooner.

This investment includes \$1.908 billion over four years, supported by a \$1 billion Housing Investment Fund to boost housing supply and increase housing and homelessness support across Queensland. The Department of Communities, Housing and Digital Economy will deliver private market outcomes for 1000 households through the Help to Home Initiative including headleasing properties to meet emergent need.

The Action Plan will deliver 6,365 new social housing commencements in addition to the 2,480 commencements already delivered in the first four years of the Housing Strategy for a total of 8,845 over eight years. In addition, the Queensland Government has committed to the delivery of 1,034 affordable housing commencements.

This is the largest concentrated investment in social housing in Queensland's history.

In light of the growth pressures faced in South East Queensland, a comprehensive growth monitoring program has been established with three core deliverables: the Land Supply and Development Monitoring Report; the Measure that Matter; and the Housing Supply Expert Panel.

Within the program there are two key benchmarks which we seek to ensure are met in South-East Queensland. One of those is that each local government area has at least 15 years of supply of land that is zoned and able to be serviced for new growth in the area. The other benchmark we look at is that, on average, there are at least four years of approvals that have been issued across South-East Queensland to provide for growth.

In 2020, the Land Supply and Development Monitoring Report identified that while these benchmarks were being met on average across the region, a number of local government areas had less than four years' approved supply of land. The results from the 2020 report prompted the Queensland Government to establish the Growth Areas Team within the Department of State Development, Infrastructure, Local Government and Planning to improve land supply in key markets across South East Queensland.

The Growth Areas Team is working to coordinate state planning and infrastructure agencies, local government, utility providers and the development industry to help accelerate land supply in growth areas across South East Queensland. To better match supply with the current high levels of demand for land, affordable and diverse housing, the Growth Areas Team is working to:

- unlock approvals in targeted local government areas
- accelerate outcomes in known growth areas
- accelerate planning of new growth areas
- identify and implement systemic changes to the State's planning framework.

Caboolture West and Southern Redland Bay are examples of growth areas where the Queensland Government is currently taking action to unlock approvals and accelerate planning for development through coordinating land use and infrastructure planning, fast tracking development approvals and funding infrastructure delivery.

QUESTION 4:

In your Queensland Housing Strategy 2017- 2027 you state almost 380,000 additional homes will be needed. What is the update on that target? How many approvals and completions are forecast?

ANSWER:

The Queensland Housing Strategy 2017–2027 (Housing Strategy) stated that “Almost 380,000 additional homes will be needed by 2027 when Queensland’s population grows to 5.7 million.”.

This figure was derived from Queensland Government data that projects all dwellings (and not just social housing) required in five-year projection intervals, based on estimated population growth and household composition. (Source: Queensland Treasury, Queensland Government dwelling projections 2018 edition; Australian Bureau of Statistics, 2016 Census of Population and Housing).

According to ABS data, there have been 179, 218 new residential dwellings approved between January 2017 to September 2021. (Source: 8731.0 Building Approvals, Australia, TABLE 24. Dwelling Units Approved in New Residential Buildings, Number and Value, Original – Queensland).

QUESTION 5:

Your submission does not call out any recommendations, however, highlights that housing affordability is currently an issue in Queensland. What are you doing to assess the issue?

ANSWER:

Please see the response to question three.

QUESTION 6:

As part of the Queensland Housing Strategy, the Queensland Government is also delivering the Build-to-Rent Pilot Project. Can you please tell the Committee more about this? What does build-to-rent entail? Will this program be expanded?

ANSWER:

The Queensland Government’s Build-to-Rent Pilot Project will provide affordable and secure housing for more Queenslanders, and drive investment in the construction sector. A targeted

rental subsidy will be provided to assist in delivering a mix of affordable and market rental housing within the Build-to-Rent developments in Brisbane. Final developments are expected to provide all residents with a high amenity rental experience, access to transport and employment nodes and premium service delivery.

The Pilot Project initially targeted developments on privately owned land and has now expanded to include an expression of interest on a state-owned site.

The Project is expected to attract different investment and developer markets to typical residential property development and deliver a better long-term rental environment for future tenants and surrounding areas.

The Queensland Government has approved two Brisbane-based affordable housing projects by developers:

- Frasers Property at 210 Brunswick Street Fortitude Valley
- Mirvac at 60 Skyring Terrace, Newstead.

Combined, these two properties will offer almost 750 apartments in total with up to 240 dwellings to be provided at a discounted rent.

At the conclusion of the pilot project there will be a review and decision on next steps.

QUESTION 7:

You mention National Partnership Agreement on Remote Indigenous Housing (NPARIH) 2008-2016 funding. How has the discontinuing of that funding impacted your government?

ANSWER:

The National Partnership on Remote Housing (NPRH) expired on 30 June 2018, with the Queensland Government accepting an offer of an exit payment from the Australian Government of \$105 million for new housing in remote Aboriginal and Torres Strait Islander communities in Queensland and reserved the right to negotiate with any future Australian Government and is committed to supporting Mayors in their advocacy for continued Australian Government funding.

The Review found that 1,100 new dwellings are required in Aboriginal and Torres Strait Islander local government areas across Queensland to address existing demand and respond to projected population growth to 2028.

A long-term Australian Government funding commitment to Aboriginal and Torres Strait Islander housing is needed to address overcrowding and to stimulate job creation and economic development in remote areas and contribute to national intergovernmental efforts to Close the Gap on Indigenous disadvantage.

The Queensland Government is partnering with Aboriginal and Torres Strait Islander peoples to strengthen joint decision making and enable community-led, place-based responses through the Aboriginal and Torres Strait Islander Housing Action Plan 2019–2023 which has been reinforced in the Queensland Housing and Homelessness Action Plan 2021-2025.