

Media Release

Monday, 4 May 2015

IS AUSTRALIA OPEN FOR BUSINESS?

The Federal Government's decision to slug law abiding investors and Australian developers with a host of new application fees will discourage investment in new housing, and puts into question whether Australia really is 'open for business'.

The changes include application fees starting at \$5,000 for legitimate property purchases and upfront charges of \$25,000 on developers for advanced off the plan certificates, along with measures to strengthen the enforcement of Australia's existing foreign investment rules.

UDIA National Vice President Michael Corcoran said that whilst there was a case for better enforcement of the rules, the new application fees were really just another tax on new housing construction.

"Australia's foreign investment framework is designed to address Australia's housing shortage by channelling foreign investment into new construction, so it's appropriate that the framework is properly enforced," said Mr Corcoran.

"However the new application fees recently announced by the Government will punish law abiding investors, and have the potential to significantly damage new housing supply, economic growth, and jobs in the construction industry."

"Nationally, new development and construction activity is responsible for approximately 1 million jobs, over 7% of GDP, and more than \$30 billion in tax revenue, which will be put at risk by the introduction of harsh new fees."

"Whilst a modest administration fee, such as recommended by last year's Senate Inquiry into Foreign Investment, may be appropriate to help the government cover costs, the fees proposed in the discussion paper are excessive, and are clearly about raising revenue rather than covering costs."

In addition to the new Federal fees, the Victorian Government has also announced a 3% stamp duty, and 0.5% land tax surcharge on foreign investors, creating a double whammy hit to industry in that state.

"Given Australia's flagging economy and housing shortages across our capital cities, a reduction in construction activity and new housing supply is absolutely the last thing we need."

“The Government must reconsider the fees proposed in its new policy, or risk doing considerable damage to construction activity, jobs, and housing affordability,” concluded Mr. Corcoran.

For further information please contact:

Michael Corcoran, UDIA National Vice President, 0407 787 055

Liam Foley, UDIA National – 02 6230 0255

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA (NATIONAL)

GPO BOX 2507 CANBERRA ACT 2601

T: 02 6230 0255 and 02 6230 0055

F: 02 6230 0311

E: udia@udia.com.au