Housing coffers up again for Qld

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Property
Tina Perinotto

Queensland's mid-year budget review has revised upwards the revenue from property taxes. Photo: PHIL CARRICK

The Queensland government can partly thank a stronger than expected property market for the upward revision of economic prospects flagged in the state's June budget.

For the second year in a row, the government has been surprised by the continuing strength of the property sector. It translated to an almost 10 per cent rise in expected stamp duty – from $2.12 billion to $2.31 billion for the year to June 2007. This was despite the expected $13 million cost of stamp duty concessions announced pre-election in September last year.

Duties from mortgages was revised up from $310 million to $315 million and land tax is up from $500 million to $528 million for the year.

While interest rate rises were "likely to impact on home construction going forward, the stock of housing investment yet to be built suggests slightly higher growth in 2006-07 than originally anticipated", the economic statement said.

But amid all the good news, the property industry wanted to know why the state was not taking advantage of the glory years to shape up some serious tax and economic reform.

Executive director of the Property Council of Australia, Robert Walker, said: "The problem is we're still in this very strong position and we are still not seeing an indication that it will undertake some very much needed economic reform, especially in the area of tax.

"Our view is that the government will be looking in five years' time to reignite the economy and migration to the state. We will be looking for a trigger or a lever to pull to ensure our economic growth goes into the future."

Mr Walker dismissed stamp duty concessions as mere catch up which had little or no impact on the market. The issue, he said, was that while the property sector contributed $3.1 billion (based on original budget estimates) but was only 10-15 per cent of the state's economic product, the booming resources sector contributed only $1.4 billion to state government coffers but accounted for 18 per cent of the state's economic product.

The HIA's Queensland manager of business development, Chris Lamont, said the budget revision confirmed figures for the three months to November that said housing starts were up by 1.8 per cent, against a national performance of -4.5 per cent.

But Real Estate Institute of Queensland chairman Peter McGrath had a more sober view. Market performance was patchy and more concentrated at the top end of the residential market and in commercial property, he said. It was this that accounted for the extra revenue for the government, he said.

"The strength in the market is certainly not in the first-home buyers [segment].

"The increase in stamp duty and land tax is driven by the top end of the market and that is right across Queensland, and in commercial activity. And commercial activity in Queensland in the past 12 months has been exceptional."

Falling US home prices, page 10