

Response to the Urban Development Institute of Australia Victorian Election Platform

Hon David Davis MLC, Shadow Treasurer
Hon Ryan Smith MP, Shadow Minister for Planning

Housing Affordability and Industry Support

The Liberals and Nationals will always support the dream of Victorians to own their own home and are aware that some of the key determinants of the current housing affordability crisis are the slow release of land, shortage of builders and materials, too much planning and building approval red tape, and an over-reliance by government on property taxes.

A Matt Guy Liberals and Nationals Government will tackle these roadblocks head-on and will:

- Set a target to release 150,000 new housing lots in Greater Melbourne and throughout Regional Victoria in its first two years.
- Reverse Labor's May 2022 registration fee increases on building and construction individuals and companies.
- Reverse Labor's Ban on Native Timber Harvesting.
- Ensure that the Liberals and Nationals' *Rebuilding Jobs, Bringing Manufacturing Home* Package supports the production of established and innovative alternative building materials.
- Reform building planning and approvals without Labor's Social Housing Tax.
- Reduce the target median number of days for the Planning Department to assess a planning scheme amendment back to 25 days.
- Deploy Planning Flying Squads to Councils throughout Victoria to ease the backlog of planning requests and other issues by providing short-term expertise and assistance.
- Remove the Requirement for both Councils and Developers to prepare local housing strategy plans.
- Remove red tape associated with 15 year Council Housing Plans.
- Raise the threshold for the first home buyer stamp duty exemption from \$600,000 to \$1,000,000 for twelve months from 1 January 2023 meaning that first home buyers will pay zero in stamp duty.

Taxation Reform and Victorian Home Buyers

The Andrews Labor Government has increased taxation massively with the state tax take increasing by 80% since 2013-14. A range of taxes, including taxes on property, have increased far above the inflation rate or the size of the Victorian economy.

Despite this huge increase in taxation the Victorian budget is in serious deficit because government spending has increased even faster than taxation, and net debt is projected to rise to \$165.9 billion by 2025-26, an amount greater than New South Wales, Queensland and Tasmania combined.

In this context, the Liberals and Nationals have made a series of sensible, balanced and responsible taxation commitments ahead of the state election.

We have made a commitment that there will be no new taxes. We have also committed to removing or reducing taxes including:

- Reversal of the building and construction registration fee increases of 2 May 2022
- Raising the threshold for the first home buyer stamp duty exemption from \$600,000 to \$1,000,000 for twelve months from 1 January 2023
- Abolition of the Commercial Passenger Trip Levy
- Removal of stamp duty on property transfers between spouses
- Reversal of Labor's March 2022 increase in Birth, Death and Marriage Certificate fees
- Abolishing or cutting Payroll Tax for 28,000 Victorian businesses
- Pausing Labor's EV Tax until 2027 in line with New South Wales
- Reversing Labor's new tax on charities which sees them paying land tax when their facilities are not 'exclusively' used for charitable purposes

We agree with the UDIA's assertion that property has carried a very heavy burden, with Labor adding a cascade of property taxes, making housing less affordable for everyday Victorians. In fact, Labor has introduced more than 43 new or increased taxes, despite Daniel Andrews' and Tim Pallas' promises not to do so in 2014.

We will seek to manage the growth in the state's debt by introducing a debt cap and we will seek to end the waste and mismanagement on major projects that has seen more than \$30 billion squandered through incompetent project management and cost blowouts.

We are opposed to Labor's proposed Big Social Housing Tax. Labor also sought to introduce a new levy of 1.75% on new dwellings to fund social housing, which would have added \$20,000 to a median-priced city property and \$12,000 to a median-priced county property. The Liberals and Nationals opposed this tax and the Andrews Labor Government temporarily withdrew it. But make no mistake, if Labor is re-elected it will be re-introduced.

A further concern on Labor's big new housing tax is the policy of the Greens political party which, as a matter of policy, supports the doubling of the proposed 1.75% levy on new homes which would increase the price of a median priced new Melbourne home by \$40,000. It is highly likely that if the Parliament fails to return a clear majority on November 26 that the Greens political party will demand this levy as the price of supporting a Labor minority or Labor coalition government. The Liberals and Nationals remain implacably opposed to this proposed new levy on new homes.

We remain committed to the use, where appropriate, of works in kind as a suitable mechanism to acquit development contribution and Windfall Gains Tax liabilities. We remain open to sensible mechanisms to streamline development charges and will look for further opportunities to remove or reduce property taxes as a mechanism to reduce the burden on homebuyers.

We are prepared to consider sensible revenue neutral changes to property taxes, consistent with the need to maintain revenue for the relevant social purposes, particularly as it relates to the administration of taxes.

We would be concerned to see a new and additional Land Tax on the family home, given our commitment to no new taxes, and we certainly don't want to be caught with both Stamp Duty and a Land Tax on the family home, as has happened under Labor in the ACT.

Of course, Labor will promise he will not introduce a Land Tax on the family home, but given its form since 2014, there is no way he can be trusted.

We will seek to keep the taxation burden on the development sector and consequently on home buyers to a minimum, including the rate of property taxes as a percentage of state taxation revenue consistent with maintaining proper revenue for social purposes.

Improving Industry Skills

The Liberals and Nationals know that the industry needs a pipeline of skilled employees to continue to grow and prosper, and that the Victorian economy and employers face serious supply-side challenges because of workforce shortages.

A Matt Guy Liberals and Nationals Government will tackle these roadblocks head-on and will:

- Expand Free TAFE to support areas of need in the building industry
- Oversee the creation of a new category of building surveyors to fast-track work on low-density housing
- Support building professionals who want to upgrade their skills to fill areas of workforce need
- Introduce a new Local Apprentice Travel Fund and Local Women in Construction Travel Fund to assist tradespeople with the cost of upskilling local or female apprentices
- Introduce a new Local Development Infrastructure Fund to cover the upfront costs for utilities and infrastructure in new developments
- Work co-operatively with businesses, business associations, professional associations and the Federal Government to use the Migration Act to assist in resolving skilled workforce shortages for industries in need
- Develop a settlement strategy to support employees coming to Victoria

Kind regards,

Hon. David Davis MLC
Hon. Ryan Smith MP
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