

An aerial photograph of a city skyline, likely Sydney, Australia, featuring numerous skyscrapers and a waterfront area with many sailboats. The sky is clear and blue. The text 'REIQ 2020 ELECTION CALLS FOR INDUSTRY REFORMS' is overlaid in white on the right side of the image.

REIQ 2020 ELECTION CALLS FOR
**INDUSTRY
REFORMS**

ABOUT THE REIQ



The Real Estate Institute of Queensland (REIQ) is the peak body representing real estate professionals across Queensland. As the State's most trusted and influential advocate for real estate business interests and private property investor rights for more than 102 years, the REIQ remains committed to ensuring the highest levels of professionalism and good governance are achieved through regulatory compliance and the advancement of an industry code of professional conduct.

The REIQ's enduring purpose is to lead a sustainable industry which continues to make significant contributions to the Queensland economy and to strengthen conditions for those working within the industry. Above all, the peak body aims to:

- Make important contributions to government legislation and policy settings;
- Advocate for balanced regulations for the benefit of all stakeholders;
- Provide industry-leading training for real estate professionals;
- Deliver timely, innovative and market-driven education programs;
- Promote risk management and increase professional competence;
- Implement effective and compliant professional standards; and,
- Contribute to substantial industry research and development.

Membership representation includes:

Over 3,000 agencies, 5,000 individual members and 15,000 property professionals. This includes principal licensees, salespeople, property managers, auctioneers, business brokers, buyers' agents, residential complex managers, and commercial and industrial agents in Queensland.

Collectively, Queensland's real estate sector:

Directly employs over 46,000 people (the State's second largest employer), is one of the top four industries which comprises over 50% of Queensland's small business landscape, and pays the second highest amount of State tax each year (2018/19: \$20 billion).

MEMBERSHIP REPRESENTATION INCLUDES:

15,000

PROPERTY PROFESSIONALS

5,000

INDIVIDUAL MEMBERS

3,000+

PROPERTY AGENCIES

STAMP DUTY



What we seek

STAMP DUTY REFORM AND TRANSITION TO STAMP DUTY ABOLISHMENT

Considered the most economically inefficient and volatile tax imposed by State Governments, stamp duty is also the most significant barrier to home ownership, discouraging housing turnover and restricting mobility.

It's estimated that as many as 340,000 property transactions are foregone annually due to the existence of stamp duty¹ and accounts for approximately 45% of the total cost of moving property². With real estate vital to Queensland's prosperity, the abolition of stamp duty would generate increase economic activity and maximise housing choice and access. Furthermore, ABS data shows the number of new businesses entering the Queensland economy has declined. With COVID-19 impacting thousands of businesses, the removal of stamp duty to business sales would help to remove financial barriers and encourage business sales.

Queensland needs a program to modernise our taxation system, with stamp duty the centrepiece of this reform. We propose a 10-year program to transition to stamp duty abolishment with two key phases:

- **Phase 1:** Introduce stamp duty exemptions for Queenslanders aged over 65 years and all business sales. Forecasts predict approximately 380,000 additional homes will be required in Queensland over the next 10 years³. Analysis commissioned by the Treasury Department found that with the right incentives in place, as many as 50,000 properties currently occupied by senior Australians could be freed up for younger buyers⁴. The removal of this costly tax would provide the State's seniors with more incentive to move into more appropriate housing thereby freeing up housing for up-sizing families.

- **Phase 2:** Replace stamp duty with a broad-based land tax as in the ACT. Analysis performed by the Treasury found stamp duty to be the tax with the highest long-term costs for living standards, while land tax had the lowest economic cost⁵. Research from the Grattan Institute estimates that replacing stamp duty with a broad-based land tax would add as much as \$9 billion annually to GDP across all the states⁶. This reform would also ensure no tax burdens fall disproportionately onto certain groups and provide a more stable form of revenue. Transitional arrangements would need to be applied to existing landowners who have already paid stamp duty.

340K

IN TRANSACTIONS FOREGONE
ANNUALLY DUE TO STAMP DUTY

\$9 BILLION

ADDED TO GDP BY BROAD-BASED
LAND TAX ACROSS ALL STATES

45%

OF MOVING COSTS IS
STAMP DUTY

1: www2.deloitte.com/au/en/pages/economics/articles/economic-impact-stamp-duty-reform-options.html 2: www2.deloitte.com/au/en/pages/economics/articles/economic-impact-stamp-duty-reform-options.html
3: www.hpw.qld.gov.au/housingstrategy/Documents/QLdHousingStrategy.pdf 4: www.skynews.com.au/news/top-stories/2017/03/11/govt-to-encourage-elderly-to-downsize-homes.html
5: bettertax.gov.au/files/2015/03/TWP_combined-online.pdf 6: grattan.edu.au/report/property-taxes/

FIRST HOME OWNERS' GRANT



What we seek

EXTEND THE FIRST HOME OWNERS' GRANT TO ESTABLISHED HOUSING

The Queensland Government continues to help Queenslanders access the property market, with the First Home Owners' Grant providing first-time home buyers that extra bit of help to get into the property market sooner. However, in its current form it has limitations, offering eligible recipients \$15,000 towards buying or building a new home. The Queensland grant only covers new houses, units, and townhouses as well as off-the-plan or build yourself options.

To support Queensland's COVID-19 economic recovery, the State Government is funding and supporting a range of initiatives to improve housing affordability, promote investment and stimulate construction industry jobs. But when it comes to the First Home Buyer's Grant, we believe it can

go further when you consider first home buyers have experienced a 220.3% increase in the price of new construction over the time period 1995/96 to 2017/18 (while CPI over that time was 69.9% and the mean gross household income increased by 64.7%).

By allowing first home buyers to access property beyond new construction and extend their support to purchase existing housing (to the same current value of less than \$750,000), it will stimulate economic activity through the introduction of increased numbers to the broader property market and expose them to more affordable price points. This would lead to increased real estate transactions which in turn means increased taxation for the State.

\$15,000

ELIGIBLE RECIPIENTS RECEIVE
TOWARDS A NEW HOME

220.3%

INCREASE IN NEW CONSTRUCTION
COSTS BETWEEN 1996 AND 2018

64.7%

INCREASE IN MEAN GROSS
HOUSEHOLD INCOME

TENANCY REFORMS



What we seek

A REVIEW AND MODERNISATION OF THE RESIDENTIAL TENANCIES ROOMING ACCOMMODATION ACT (*RTRA ACT*) AND THE QUEENSLAND CIVIL AND ADMINISTRATIVE TRIBUNAL ACT (*QCAT ACT*)

Over 36% of Queensland's population rent and 90% of that housing is provided by private owners¹. Given the current and future rental needs of the community, it's critical that tenants and property owners have access to a fair and balanced legislative framework that provides sufficient support and protection to both. The REIQ calls for a commitment to the:

1. Preservation of an owner's right to lawfully end a tenancy when the agreed term lapses;
2. Implementation of risk mitigation measures and incentives to encourage pet ownership in rental properties;

3. Relaxation of restrictions imposed by the *RTRA Act* to provide lessors and property managers with greater flexibility to negotiate appropriate tenancy terms, leading to improved renting experience for all parties involved²; and,
4. Introduction of minimum housing standards for matters relating to health, safety and security subject to the development of the scope and nature of the standards.

New provisions should also be introduced into the *QCAT Act* and *RTRA Act* to improve time delays, create consistent processes and improve decision making.

36%

OF QUEENSLAND'S
POPULATION RENT

90%

OF RENTED HOUSING
PROVIDED BY PRIVATE OWNERS

18%

OF QUEENSLAND REGIONS
EXPERIENCING LOW VACANCIES

1: Residential Tenancies Authority, RTA Annual Report 2018-2019.
2: Residential Tenancies and Rooming Accommodation Act 2008 (Qld).

HOUSING AFFORDABILITY



What we seek

MORE INVESTMENT IN SAFE, SECURE AND AFFORDABLE HOUSING

Safe, secure and affordable housing is the foundation on which we build connected and resilient communities. As more and more people choose to make Queensland their home, it's imperative that we act now, with a long-term and sustainable vision, to support and safeguard the housing needs of current and future generations.

Social and economic changes have created pressures on the system, but with the added COVID-19 pandemic we now face a situation that would have been inconceivable 20 years ago. Nonetheless, those households seeking housing assistance more recently have undergone immense change.

With over 36%¹ of Queensland's population renting their home (approximately 1.2 million²), it's no surprise that we've seen a shift in our State's rental composition to more affordable rental supplies in outer urban and regional areas during COVID-19. On the plus side it helps break up their mono-tenure and supports more local economies to withstand the pressures of the pandemic we're witnessing in our

larger cities. However, such limited rental supplies have the potential to result in poorly matched housing preferences and impact the urban spatial structure and functioning of these same regions – such as transport costs, labour markets and access to services and amenities. It also shows that there's a decline in government investment in social housing with more low-income renters in the market.

The rental sector plays a critical role in Queensland's housing system and the role and size of our investor market has never been so important. Any further tightening in rental availability levels will only place additional undue pressures on our housing sector which is why more needs to be done to better support both increased and ongoing property investor activity in the Queensland property market and the contributions they make to the State economy.

Furthermore, access to good quality, affordable housing is fundamental to wellbeing. It can help reduce poverty and enhance equality of opportunity, social inclusion and mobility³.

Affordability is critical for those low-to-moderate income households wanting to transition from renting to home ownership. Many factors impact the supply, demand and cost of housing across the country, including Australia's growing and ageing population and government policies⁴.

The REIQ recommends forming an industry reference committee made up of relevant stakeholders to advise on specific service proposals specifically aimed at helping legitimate low-to-moderate income households transition from renting into home ownership across affordable property price points. With eligibility criteria to be devised across income thresholds and no prior ownership of property, incentives should also be established for those willing to relocate to regional Queensland to help sustain local economies and drive population growth.

1: ABS: Survey of Income & Housing (June 2018) 2: ABS: 3101.0 - Australian Demographic Statistics (Dec 2019)

3: The Organisation for Economic Co-operation and Development, 2018 4: The Australian Institute of Health and Welfare, 2019

INDUSTRY RELIEF



What we seek

12-MONTH FEE WAIVER ON ALL LICENCE AND REGISTRATION RENEWALS FOR REAL ESTATE AGENTS AND BUSINESSES

The role of Queensland's real estate professionals has never so pronounced as it has been during the COVID-19 pandemic – particularly the role of property managers.

At no time have their efforts been recognised as an essential service yet they have worked tirelessly at the coalface, renegotiating rental terms and dealing with issues between tenants and property owners who have either lost their jobs or had their livelihoods severely impacted. This unpaid work has minimised tenancy disputes and has greatly eased the burden on the Residential Tenancies Authority and QCAT.

Under lockdown restrictions, open home inspections and auctions were prohibited under COVID-19 social distancing requirements. As falls in national house prices began to accelerate, an unprecedented number of properties were withdrawn from sale (approximately 26% per month for private treaty and 35% reductions in auctions¹), leaving thousands of real estate agents and businesses financially impacted.

During these times of uncertainty, and in recognition of the contribution made by real estate practitioners during the COVID-19 pandemic, we are calling upon the State Government to waive all licence and registration renewal fees for real estate agents and businesses for 12 months.

As the second-largest small business employer in Queensland, over 46,000 people in the real estate sector have faced financial hardship due to significant decreases in sales commissions and property management fees as a result of reductions in the amount of rent collected. Faced with these circumstances, real estate license and registration renewal fees must be suspended for 12 months minimum.

35%

DROP IN QUEENSLAND AUCTIONS

\$754

ANNUAL COST OF A REAL ESTATE LICENCE

46,000

PEOPLE IN REAL ESTATE FACE FINANCIAL HARDSHIP

¹: CoreLogic Auction & Sales Market YoY Comparisons

ANNUAL COMPULSORY PROFESSIONAL DEVELOPMENT



What we seek

THE ESTABLISHMENT OF AN ANNUAL COMPULSORY PROFESSIONAL DEVELOPMENT (CPD) REGIME FOR ALL LICENSED AGENTS, RESIDENT LETTING AGENTS AND REGISTERED SALESPERSONS.

Real estate professionals and businesses are involved in the sale and management of some the most significant assets owned by the Queensland community.

As a result, their responsibilities are equally significant; they manage trust accounts containing millions of dollars, fiduciary obligations to clients and legal obligations to consumers. What's more, they must comply with strict and complex legislation governing their actions and real estate transactions.

The risks associated with buying, selling and leasing real estate and businesses may potentially include claims of negligence, breach of professional duty, misleading and deceptive conduct, misrepresentation and breach of statutory requirements. The value of such claims can be significant and in some cases, consequences can be catastrophic.

The introduction of annual CPD program would:

- Improve consumer protection; and,
- Ensure that fewer errors are committed by practitioners thereby reducing:
 1. The number of expensive and time consuming claims made by clients and consumers;
 2. Disciplinary action taken by regulatory authorities;
 3. Claims against The Claim Fund under the *Agents Financial Administration Act*; and,
 4. Professional indemnity claims.

We support a flexible and practical regime requiring participants to accumulate a total number of CPD points from approved activities to seek registration or licence renewal. Such training should incorporate mandatory and elective training requirements to ensure that risk management and compliance training is supported with current trends and emerging issues a priority.

PAYROLL TAX



What we seek

AN IMMEDIATE MODIFICATION OF THE PAYROLL TAX REGIME AND A TRANSITIONED ABOLISHMENT OF PAYROLL TAX WITHIN FIVE YEARS.

Payroll tax is a significant disincentive to all employers in Queensland and in particular, small businesses. Real estate agents are the second largest small business employer in Queensland supporting around 50,000 jobs.

Payroll tax has progressively impacted Queensland's competitive position. Local businesses and manufacturers are forced to compete with importers and overseas traders who do not carry this financial burden.

Payroll tax stifles job growth and incentivises businesses to be "inefficiently small;" a consequence identified in the *2010 KPMG Econtech Report*. It's also likely that payroll tax has also encouraged the increased engagement of contractors. The impact of this trend has led to other detrimental consequences on the labour force.

Queensland requires a payroll tax system that incentivises job creation and encourages business growth. Given the devastating impact of COVID-19 on both business and employment, significant payroll tax reform has never been so important. A revised payroll tax system should include:

- An increase to the payroll threshold from \$1.3 million to \$2 million and a decrease in the payment rate from 4.75% to 4% for employers who pay \$6.5 million or less in taxable wages and 4.5% for those who pay more;
- Thereafter the threshold should be increased annually in line with the Consumer Price Index (CPI); and,
- Appreciating the significant reliance on payroll tax revenue, a planned and progressive abolition of payroll tax within five years.

These reforms would ensure that Queensland has the most competitive State-based payroll tax regime in Australia and be a 'first choice location' for Australian employers.

\$2M

INCREASE IN PAYROLL
THRESHOLD

4%

PAYMENT RATE FOR EMPLOYERS
WITH LOW TAXABLE WAGES

4.5%

PAYMENT RATE FOR EMPLOYERS
WITH HIGH TAXABLE WAGES

FUTURE DIGITISATION OF REAL ESTATE



What we seek

DIGITAL TRANSFORMATION OF THE REAL ESTATE INDUSTRY

There is widespread recognition among industry leaders that the role of digital technology is rapidly shifting, from being a driver of marginal efficiency to an enabler of fundamental innovation and disruption.

The 2018/19 Annual Report of the Residential Tenancies Authority confirms that 80.6% of Queensland rental properties are managed by real estate practitioners and that a vast majority of property sales are also facilitated by real estate practitioners. As Queensland continues to deal with the COVID-19 pandemic, the REIQ now more than ever calls for a commitment to evaluate the process of which real estate transactions are conducted through:

1. facilitating the use of electronic signatures by corporations and individuals;
2. recognition of electronic contracts and approved forms by governing authorities; and,
3. further streamlining real estate processes by permanently implementing measures that assist virtual transactions on a permanent basis extending beyond the COVID-19 pandemic.

These can be achieved by updating the execution requirements of *Property Law Act (1974)* and maintaining the execution provisions under *Corporations (Coronavirus Economic Response) Determination (No. 1) (2020)* beyond the COVID-19 pandemic. Take up of DocuSign alone shows the industry is more than ready: 350% increase

in the number of DocuSign users and 680% increase in DocuSign usage to date since the outbreak of COVID-19¹.

While it's clear that digital technology will transform how real estate is transacted, there are a number of challenges that need to be understood such as the opportunities for value creation and amendments of outdated regulations. These challenges need to be addressed by industry and government leaders to unlock the substantial benefits digital offers our industry.

The REIQ is calling for the establishment of a Digital Advisory Committee between industry and government to work collaboratively towards the goal of industry digitalisation with a view to reducing red tape and bringing it into line with contemporary legislation.

80.6%

OF PROPERTIES MANAGED BY
REAL ESTATE PRACTITIONERS

350%

INCREASE IN DOCUSIGN USERS

680%

INCREASE IN DOCUSIGN
USAGE SINCE COVID-19

¹: Dynamic Methods Report Data Comparisons: March-August 2019/March-August 2020

COMMERCIAL SECTOR SUPPORT



What we want

SUPPORT FOR SMALL TO MEDIUM ENTERPRISE AND COMMERCIAL PROPERTY INVESTORS

The Federal Government has utilised strong fiscal policy stimulus to help lessen the impact of the COVID-19 crisis via record-level spending packages aimed to at least partially fill the void left by the retrenchment in private spending from consumers and businesses.

Some measures have targeted ultimate end consumers, while others have been directed at businesses in the hope that in doing so would help to prevent or lessen job losses.

These measures are unlikely to serve as a panacea and the level of uncertainty in the economy is currently at an all-time high with the trajectory of recovery difficult to forecast. So, we call on the State Government to expend additional funding toward small to medium-size business sustainability via amendments to the *Advancing Queensland Small Business Strategy 2016-2020* to include a specific range of pandemic grants committed to the growth and success of small business in Queensland including tax rebates, return to office initiatives, retail sector support, and tourism and hospitality.

A reformed approach should consist of:

1. Subsidised rent;
2. Tailored small business grants and assistance aimed at retail and office premises; and,
3. Targeted infrastructure improvements, programs in suburban commercial areas to encourage local communities to reconnect and rebuild.

The establishment of these initiatives will play a vital role in stabilising businesses severely impacted by the COVID-19 pandemic and the advancement of online shopping and growing popularity of flexible working arrangements.

SELLER DISCLOSURE IN QLD



What we seek

INTRODUCTION OF A MORE STREAMLINED AND TRANSPARENT DISCLOSURE PROCESS RELATING TO THE SALE OF PROPERTY

The REIQ supports the introduction of a seller disclosure regime for residential property and the move towards¹:

1. Better clarification of a seller's disclosure obligations through development of legislative processes; and,
2. Requiring a transparent and effective form of disclosure.

It is important that sellers have a clear understanding of their disclosure obligations to minimise disputes and costly litigation. Similarly, buyers should have access to relevant and material information provided by the seller whilst understanding their personal responsibilities when it comes to due diligence they should perform when buying property.

It is also imperative that amendments to the relevant legislative instruments are implemented to adequately protect real estate agents from any liability arising as a result of the contents, warranties, and disclosures made in the seller's statement, with sellers bearing the responsibility for certifying the accuracy of information provided to the buyer.

1. The Commercial and Property Law Research Centre, QUT, 2017 Final Report: Seller Disclosure in Queensland. https://www.justice.qld.gov.au/_data/assets/pdf_file/0006/536748/final-report-seller-disclosure-in-queensland.pdf



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