

Ready to Rebuild

**Priorities for jobs and a stronger
economy post COVID-19.**



Ready to Rebuild

The Urban Development Institute of Australia (UDIA WA) supports the proactive approach that the McGowan Government has taken to date in response to the economic and social ramifications of the global COVID-19 pandemic. We congratulate both the State and Federal Governments for their effective approach in minimising the spread of COVID-19 thus far.

As we begin to emerge from the health crisis, now more than ever, government support for industries that provide significant benefit and can lead our economic recovery is critical.

The development industry represents approximately 10% of Western Australia's Gross State Product, contributing \$27.8 billion annually to the Western Australian economy.

Using conservative estimates, jobs in the property and development industry represent 15% of all employment in Western Australia. As every job within the housing construction sector generates a further two in the broader economy, the sector is well placed to advance our economic recovery.

As an industry, we embrace our role in supporting the WA economy. UDIA is committed to continuing to work collaboratively with all levels of government to focus on the projects, reform and policy tools that when implemented, will have the greatest impact on jobs and future prosperity.

Our 'Ready to Rebuild' actions clearly map out priorities for the State Government to consider to keep the development industry operating and to transition successfully into a strong recovery. We specifically look at how to stimulate the economy, prioritise infrastructure investment and cut red tape.

The actions that we recommend are rational, well considered opportunities to minimise the impact of COVID-19 on our industry and the broader economy.

While we have outlined a range of important measures, there are three key priorities on behalf of members that UDIA WA will particularly focus our advocacy efforts over the coming weeks:

- The urgent introduction of a time-limited new home building stimulus for the consumer that keeps the pipeline of construction activity going
- Bringing forward the delivery of community infrastructure funded by Development Contribution Schemes
- Clearing the blockage to release private sector investment delayed in the approval process

We understand the pressure that all levels of government are under to support the wider community through this difficult time and we stand ready to play our part in rebuilding our economy.



Col Dutton
UDIA WA President



Tanya Steinbeck
UDIA WA CEO



Stimulate economic activity



Prioritise infrastructure investment



Cut excess red tape

Col Dutton
UDIA WA
President

Tanya Steinbeck
UDIA WA
CEO

A COVID-19 damaged economy

COVID-19 is first and foremost a health emergency, however the virus is also having a deep economic impact. Both the State and Federal Governments should be congratulated for the speed in which they have responded to the emerging health crisis. This response, and Australia's success in minimising the spread of Covid-19, means, that providing we avoid a 'second wave', we are better positioned than almost all other countries, and heading towards recovery much earlier.

Despite this effective response, the economy is severely damaged by the pandemic. The majority of observers expect unemployment to peak somewhere between 10 and 15%. GDP is also unlikely to return to pre-COVID-19 levels until 2022. These broader and protracted economic impacts are likely to have a significant detrimental impact on the property development industry. Even after jobs return in the broader economy, many of those looking to get on the property ladder will have to re-establish savings.

Heading into the COVID-19 pandemic, the development industry in WA had experienced five years of decline. As such, whilst the industry has downsized and become highly efficient, the sector has limited capacity to withstand a severe and long-term economic shock.

Generating a strong and sustainable economic recovery that provides broad community benefits will not be easy. However, as in previous economic recoveries the development industry is well placed to play a leading role in supporting local jobs and delivering broader economic and community benefits. Indeed, analysis by EY demonstrates the positive impact that spending on housing construction has on overall employment, with every direct job in the sector creating two further jobs across the broader economy.

Early impacts on the development industry

The extended 'pipeline' nature of the housing development industry means that the full impacts of COVID-19 are unlikely to be felt for several months. Whilst there is far too much uncertainty to predict what the full impacts of COVID-19 may be, it is clear that they will be profound, as at the beginning of May we have already seen;

- UDIA WA weekly 'Land Snapshot' lot sales down 50% from 80 sales per week in mid-March to 40 at the end of April
- UDIA WA forecasting a 20% decline in total lot sales for the full 2019/20 financial year

Impact on jobs

As April closed, UDIA WA undertook a member survey to ascertain the impact of COVID-19 on the development industry. Responses were received from a wide range of disciplines including developers, builders, planners and other consultants. Over half of the survey's respondents are forecasting revenue losses of greater than 30% for the 2019/20 financial year. As a result, as at the 8th of May, the impact on development industry of COVID-19 has been;



47% have reduced staff work hours



31% reported redundancies (of which, 36% amounted to between 10-25% of FTEs)



38% of organisations reported wage cuts to date, remainder considering future wage cuts



Only 50% of organisations have been able to access JobKeeper to date

Stimulate economic activity

Recommended actions

Introduce a new home building stimulus

Development is labor intensive, as well as employing a wide range of disciplines, each job directly employed in the housing construction sector creates a further two jobs across the broader economy. Stimulating home building activity would be a direct investment into WA.

Broaden the stamp duty rebate scheme to all properties and extend its period of operation

In recognition of market conditions during the last couple of years, UDIA WA welcomed the establishment of the 'Off the Plan Duty Rebate' Scheme in late 2019. Whilst the rebate was starting to have a positive impact on the market, the onset of COVID-19 necessitates the broader application of the rebate to further support jobs.

Investigate replacing stamp duty with a broad-based land tax

UDIA WA acknowledges the challenges of phasing out stamp duty for a more efficient broad-based land tax. Nevertheless, the current crisis together with stamp duty rebates currently offered provides an important opportunity to start this transition. Replacing stamp duty with a broad-based land-tax would strengthen demand and reduce the barriers to people moving home.

Explicitly make economic development a valid development consideration

Although State Planning Policies are required to consider 'economic factors' there is nothing explicit to make economic considerations a relevant consideration for all other planning proposals.

Establish a dedicated decision-making committee under WAPC to assess development proposals that have significant employment and economic benefits

Development proposals that provide significant employment and economic benefits should be fast-tracked through the approval process based on pre-determined criteria. It is recommended that a committee be established under WAPC with broad based representation from referral agencies, planning and the private sector to ensure commercial realities of development are taken into account.



Prioritise infrastructure investment

Recommended actions

Bring forward DCS spending to deliver community infrastructure

Across the Metropolitan Region, several local governments have Development Contribution Schemes with a balance running into tens of millions of dollars. Where appropriate, local governments should expedite this spending to support the local economy and provide communities with the infrastructure they have been promised.

Enable Local Government Development Contribution Schemes to access Treasury Corporation loans to fund DCS infrastructure

To maintain momentum in construction spending and further improve consumer sentiment, local governments should be able to access Treasury Corporation loans to fund the provision of community infrastructure identified by existing development contribution schemes. Servicing fees could then be charged against these schemes.

Spend the balance of the MRIF

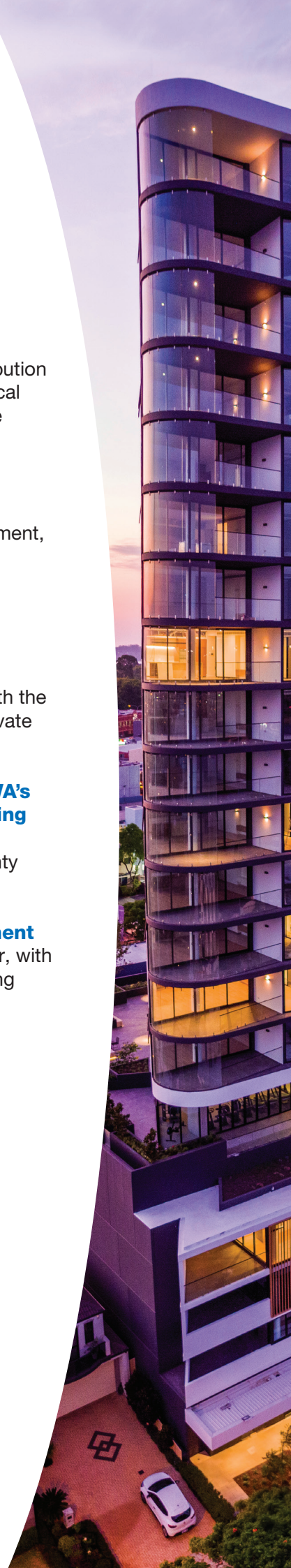
According to the WAPC's annual report, the balance of the Metropolitan Region Improvement Fund currently stands at \$444m. Collaboration should be undertaken with the development industry to identify strategic spending opportunities to unlock further private sector investment.

Establish a strategic pipeline of priority infrastructure projects for each of WA's housing markets - infill, greenfield and regional – detailing cost, benefit, timing and funding

A strategic pipeline of projects for each housing market would provide industry certainty and help leverage infrastructure investment.

Reset the 'Market Led Proposals' policy to encourage private sector investment

UDIA welcomed the recent amendments to the 'Market Led Proposals' policy however, with further refinement, we believe that WA's model could provide an exemplar for delivering private sector investment aligned to state government priorities and help rebuild our economy.



Cut excess red tape

Recommended actions

Clear the blockage and release private sector investment delayed in the approval process

UDIA has identified more than \$150m worth of projects that are currently delayed in the approval process, many of which are held up by referral agencies. Enforcing statutory timeframes for responses from referral agencies is essential in order to maintain a pipeline of projects and support jobs.

Streamline the Planning System

Minimising bureaucracy with an efficient approvals system is critical to providing certainty and supporting business investment throughout the current crisis. To achieve this, the Government should:

- o Allow DA's to be placed on hold and adopt streamlined procedures to extend development and environmental approvals that would otherwise expire as a result of COVID-19;
- o Enforce clear statutory timeframes for referral agencies;
- o Adopt full electronic lodgement of all applications and processes;
- o Establish an online, streamlined advertising/consultation processes;
- o Finalise omnibus amendment to regulations, which includes a process for simplified structure plan amendments.

Engage with the development, banking and valuation sectors to adopt regulations to support the continuation of housing transactions

To provide critical cashflow for a range of businesses, it is essential that all settlements continue. To remove market volatility and ensure that settlements continue, valuations should be based upon market conditions on, or prior to 1 March 2020.

Include a proponent led option in the Perth and Peel @3.5m Frameworks to confirm that projects outside of the adopted footprint can be considered on their merit

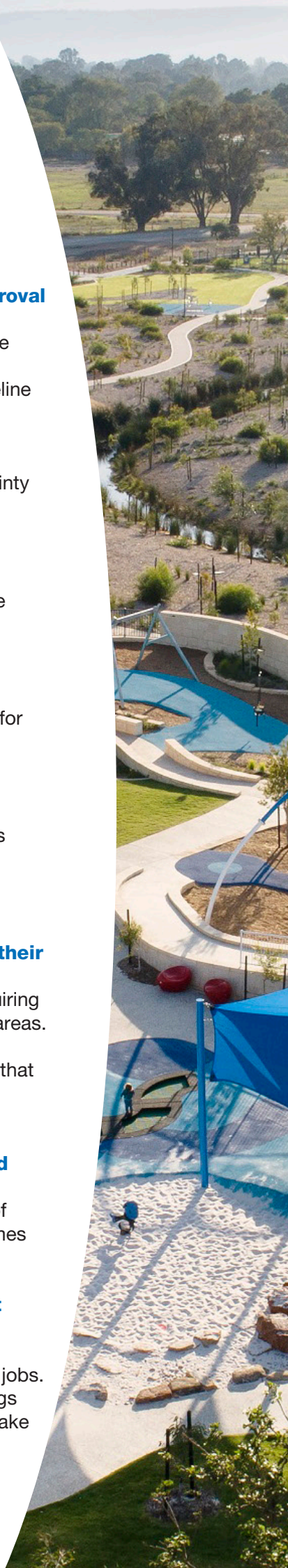
The current frameworks are too rigid and costly for the government to administer, requiring government agencies to prepare detailed site suitability assessments for investigation areas. Allowing the private sector to undertake these investigations would reduce costs to government, enable the development of innovative development solutions and ensure that Perth does not experience housing affordability issues as a result of supply pressures.

Provide clarity to industry and ensure all government agencies provide a continually updated forward works program, setting out agency priorities and where appropriate expediate capital works spending

Certainty is vital to business and supports investment decisions. The positive impact of providing clarity regarding infrastructure delivery, legislative and policy reform timeframes should not be underestimated.

Ensure the statutory approval process remains fully operational and efficient

Building on the program of future development projects and supporting WA based investment by ensuring the statutory approval process remains fully operational and decisions are made efficiently will provide a pipeline of work to assist with maintaining jobs. UDIA is aware of significant delays within the State Administrative Tribunal with hearings deferred, some to an unknown date. Systems and process should be amended and make use of technology and ensure timely determinations.



GET INVOLVED

UDIA WA is focused on supporting our members and ensuring that the development industry is effectively represented based on clear evidence and direct feedback from those working 'at the coal face'.

This advocacy document has been developed to provide clear and concise direction that will remain relevant over the coming months. However, we understand that the current business, economic and social environment is changing rapidly and as an industry, we need to be responsive and adaptable to change on an ongoing basis.

So that we can be most effective in our ongoing advocacy, we encourage members to get involved, provide us with feedback and keep us informed about what is happening in your organisation, the challenges your organisation is experiencing and the ongoing impacts of COVID-19.

Avenues available to our members include:

Our Policy Team

UDIA WA's policy and research team is committed to representing members interests, investigating the market and other issues impacting on the industry and delivering quality publications, commentary and advice to our stakeholders. Led by our Director of Policy and Research Chris Green, you can rest assured that the feedback and information you provide to our team is considered and action is taken where appropriate.

Of particular interest to our team:

- How your organisation is responding to current conditions
- Impacts on your business of COVID-19 restrictions and economic conditions
- Proposed solutions to support industry
- Provide specific case studies and examples of project issues that we can use as evidence

Contact Chris and the team today: policy@udiawa.com.au

UDIA WA Council & Standing Committees

Our committee structure covers the core areas of the urban development industry. UDIA WA committees include: Environment, Housing Diversity, Industry Workforce & Diversity, Infrastructure, Land Use Planning, Urban Water and Young Professionals.

If you are a member of a committee you can provide direct feedback and discuss issues at your regular meetings, via the specialized LinkedIn Groups or direct to our policy team. Know someone on Council or a Committee? Provide them with feedback, give them a call or email and let them know what you think UDIA should be considering.

More information on committees [here](#).

COVID-19 Pulse Check surveys

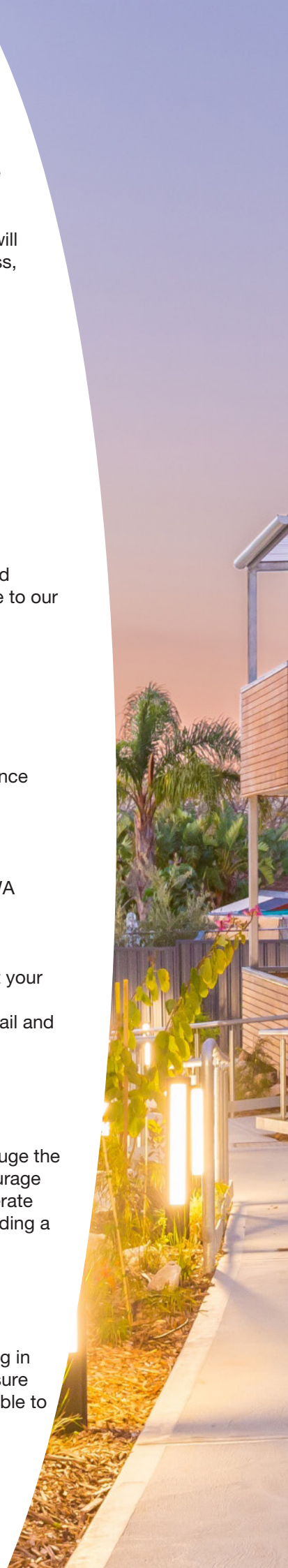
UDIA WA is conducting regular COVID-19 pulse check surveys with our membership to gauge the impact of the current COVID-19 pandemic on business and the property market. We encourage members to participate in these surveys when they come through as the data we can generate based on responses is invaluable in our advocacy and communication, particularly in providing a clear picture to government on the impacts and how industry is responding.

More information and results from previous surveys [here](#).

Team UDIA WA

The whole UDIA WA team is here to help you and we want to understand what is happening in our industry every step of the way. Through communication and collaboration, we can ensure that our industry is supported and comes out of this challenging period prepared and capable to drive the recovery. All of our team are here to help.

Find us [here](#).





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