Good news as old economy lifts

The REIQ welcomed news that the state’s economy had improved, when the Australian Bureau of Statistics released data that showed the State Final Demand had improved for the December quarter.

CEO Antonia Mercorella said the news would be welcome throughout Queensland, but especially so in regional Queensland.

“Small businesses are the backbone of the Queensland economy and the mining downturn has pushed many to the wall.

“For those who are hanging on, hoping for better days ahead, this news will be welcome,” she said.

Mr Pitt said State Final Demand was a key measure of the state’s domestic economy and unlike Gross State Product it did not take into account our trade performance.

The figures show that growth in our domestic economy was supported in part by our major investments in infrastructure — a key part of our economic plan,” he said.

Mr Pitt said unlike Gross State Product, as an economic indicator State Final Demand did not take into account the impact of Queensland’s exports and imports.

“The ABS figures show growth in State Final Demand for the December quarter of 0.5 per cent on a trend basis growth of 0.9 per cent seasonally adjusted,” Mr Pitt said.

“The outcome for the December quarter means we have now seen positive growth in State Final Demand for four consecutive quarters — this is another encouraging sign that the Queensland economy has turned the corner.

“Domestic demand conditions in Queensland are improving and State Final Demand is 1.6% higher than a year earlier.

This result shows an increase in household consumption drove the solid outcome in the December quarter and was backed up with construction of new dwellings which rose 1.1 per cent and total dwelling investment was 3.2 per cent higher over the year, reflecting the strong growth in construction work done on medium to high density dwellings.

“A strong pipeline of housing work yet to be done suggests ongoing strength in Queensland dwelling investment in 2016-17, business investment rose 0.9 per cent in December quarter 2016.”

“Nevertheless, Queensland’s trade performance continues to be strong,” he said.

“The most recent export data shows a record level of exports from Queensland of $52 billion in 2016 — that’s 7.9 per cent higher than in 2015.

“That’s also $1 billion a week in export revenue across all regions of our state.”

Victoria cuts stamp duty for FHBS

A mixed reaction greeted the Victoria State Government’s decision to cut stamp duty for first home buyers last month, with economist Saul Eslake saying it would push prices higher, and others applauding the decision as a way to tackle affordability issues.

Federal Treasurer Scott Morrison agreed with Mr Eslake’s commentary.

“I welcome (the decision to cut stamp duty) but at the end of the day if that just means that people just bid up more at the auction because they can borrow more because they don’t have to pay stamp duty, obviously that will just take prices in one direction,” Mr Morrison told radio 2GB.

However, Victoria State Treasurer Tim Pallas said the measure was part of a broader suite of tools to tackle affordability.

“While the Federal Treasurer may have missed it, the Victorian Government last week announced a significant increase to supply, with the rezoning of an additional 100,000 lots within two years to create 17 new suburbs in key growth corridors spread in seven of Melbourne’s growth council,” he was reported as saying in The Australian Financial Review last month.

The REIQ position, which echoes the 2011 Henry Tax Review, is that stamp duty should be abolished due to its volatility and onerous impost on the property transaction.

REIQ CEO Antonia Mercorella said:

“Stamp duty is a highly volatile form of taxation, giving the Government budget a shot in the arm when prices are running hot, but leaving the coffers bare when the market is slow.

“In particular, as older Queenslanders, the so-called “empty nesters”, tend to put off downsizing until it is unavoidable from a health perspective,” she said.

“To free up listings of larger homes, and to help older Queenslanders downsize – which would, in turn, allow younger families to upsize – the State Government needs to address the albatross that is stamp duty.”

The REIQ would welcome an exemption targeting those who are ready to sell their family home and move into a smaller home, or into a retirement home.