

10 July 2020

The Hon Michael Sukkar MP
Minister for Housing
PO Box 6022, House of Representatives
Parliament House Canberra ACT 2600



Dear Hon Michael Sukkar MP,

Strengthening the Northern Territory Development and Housing Sector

I write to you on behalf of the Urban Development Institute of Australia - Northern Territory (UDIA NT) and refer to recent discussion with our members and the Deputy Prime Minister regarding issues affecting the Northern Territory's economy during these difficult times.

A reoccurring item that has been raised in conversations with Northern Territory members is in relation to the HomeBuilder Scheme introduced by the Federal Government. The scheme is strongly supported by the development industry and has the potential to greatly benefit the wider National and State and Territory economies through job creation and industry confidence.

However, the scheme has exposed the clear disadvantage that the Northern Territory faces in the timely delivery of residential greenfield developments, a disadvantage we would like your assistance with to overcome.

Although the Territory's population may not measure up to other States and Territories in quantity, we acknowledge our strategic location as a key element in the future of the country as export and trade hub, natural gas and resource stronghold and as recently highlighted by the Prime Minister, a defence hub for the Nation and our allies. Whilst a large focus is often set on our location, resources and defence capability, our housing sector has often lagged from both a regulatory and delivery perspective. Some of our challenges are outlined further below:

Seasonal Development Delays

While our location, resources and defence presence are our strengths, the Northern Territory's seasonal climate remains a development delivery challenge. This can be centred on the inability of the development industry to undertake year-round civil construction works due to the seasonal monsoon wet season in the Top End. In the context of the HomeBuilder Scheme, construction and civil works to deliver lots will largely be unable to occur between October 2020 and March 2021, resulting in delays to the delivery of lots, and ability to title these lots until mid-2021 and as a result many of these will not meet HomeBuilder guidelines for eligibility.

Titled Land

We note the HomeBuilder guidelines require an eligible applicant to submit applications to the relevant State or Territory authority by no later than 31 December 2020. The Commonwealth will have the discretion to extend the application deadline. The Northern Territory's housing market has continued to decline over the past few years, and as such few Developers in the Northern Territory have been undertaking development works to title new lots.

A large concern amongst our members is that only a limited amount of titled lots will be available for purchase by 31 December 2020. As you may be aware many States and Territories have the ability to provide lots to market via fast-tracked early plan seal processes, unfortunately in the Territory land titling remains a slow process and currently no mechanism exists to commence construction prior to titles being issued. In the context of the HomeBuilder Scheme, in the Northern Territory builders cannot begin construction on dwelling until after titling unlike other states, severely limiting our ability to meet HomeBuilder guideline requirements. Our estimates show that fewer than 200 lots would be available for purchase before 31 December 2020.

Developing the North

The “Our North, Our Future: White Paper on Developing Northern Australia” released in 2015, sets out the priorities to drive growth in Australia’s north. The whitepaper outlines a vision to encouraging more business, trade and investment to lead to stronger growth, more jobs, higher incomes and better living standards in the north. We believe a strong housing and development sector is a critical foundation to realising the vision of the north and a Federal Government commitment to the development industry and housing sector can be catalyst to realising the Territory’s greater potential.

Although the COVID pandemic has presented challenges to the entire economy, we highlight that recent ABS data released from surveys undertaken in late June 2020 noted that 94% of respondents said that COVID-19 did not influence their decision on whether or not to move house in the coming year. 12% of respondents said they were planning on moving to a new house in the next year, with 91% planning to move within the same state. This highlights the importance of providing new housing to market as consumers remain intent on moving, updating and transacting in the housing market and further strengthens the intent of the Home Builder Scheme, if it can be captured.

As you may appreciate, we are concerned that the Territory will not capture the opportunity presented from the HomeBuilder Scheme to create jobs and contribute to not only economic recovery but ensure we are positioned to realise our potential as outlined in the above mentioned Whitepaper. To assist the Northern Territory and reinforce the Federal Government commitment to the north we are requesting the Federal Government consider allocating a total 1,000 HomeBuilder applications representing 2 years’ worth of demand. The allotted applications can be made available quarterly (125 applications per quarter) over a 2 year period to allow developers time to construct subdivisions - considering seasonality issues - and provide lots to market.

We believe that the suggested proposal is a sustainable allocation of applications over a 2 year period and will ensure ongoing activity in the construction sector that will be pivotal to ensuring the Territory’s capacity remains to realise its potential as an export and trade hub, natural gas and resource stronghold and a defence hub for the nation and our allies.

We encourage a further conversation on the above items and would be more than willing to host yourself and colleagues in the Territory to discuss the matter further. Should you have any queries relating to the above, don’t hesitate to contact me on 0400 754 842 or ceo@udiant.com.au.

Yours Sincerely



Gerard Rosse

Chief Executive Officer

Urban Development Institute of Australia (NT)