

# Media Release

For Immediate Release

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## PEAK DEVELOPMENT BODY ANNOUNCES ELECTION PRIORITIES

The creation of a Ministry for Urban Development and Cities, and a long-term national urban strategy integrating infrastructure and land supply pipelines, are key elements of the Urban Development Institute of Australia (UDIA)'s policy priorities for the 2010 Federal Election.

"There is a growing housing supply problem in Australia, which is impacting on housing affordability", said Peter Sherrie, UDIA National President.

"The Commonwealth needs to be taking a leadership role in solving the housing affordability problem, by removing the impediments that impact on the supply of housing, and ensuring there is effective provision and financing of housing related infrastructure. This would most effectively be done through a single ministry, focused on the issue."

"The current debate in relation to population and sustainability highlights the need for a national urban strategy to assist in the expansion of existing cities and the development of new urban centres."

Other key election priorities for UDIA include:

- Linking state funding from the Commonwealth to the provision of essential infrastructure by State Governments;
- Increased funding for the provision of infrastructure in cities and regional centres; and
- All future Federal Government legislation to include a statement outlining the impact of the legislation on housing affordability.

"The issues of housing affordability and infrastructure provision are not new, but they can only be addressed through Federal Government leadership", Mr Sherrie concluded.

The full list of UDIA's policy priorities for the 2010 Federal Election is included over the page.

For further information or comment, please contact:

Peter Sherrie, UDIA National President, 0418 127 207

## UDIA National Policy Statement – Federal Election 2010

The demand for housing in Australia remains strong, however there is a major supply side issue. The Government's own National Housing Supply Council estimated that the gap between total underlying dwelling demand and total dwelling supply was 78,800 in June 2009, and that this gap is likely to continue to grow to 640,600 dwellings by 2029.<sup>1</sup>

This has an obvious impact on the affordability of housing in Australia.

UDIA believes that the Federal Government should take a leadership role in removing the impediments which impact on the supply of housing, and calls on all political parties to introduce and support policy measures that will improve housing supply and affordability.

There were several announcements made by the Rudd Government in relation to cities and housing supply and affordability in the last twelve months. It is vital that the next Government ensures that these announcements are backed-up by the implementation of major policy reforms.

### **UDIA believes the following housing policy reforms are required:**

- The announcement and implementation of a long-term national urban strategy, integrating infrastructure and land supply pipelines across the nation;
- This strategy to include a program which ensures the delivery of major urban renewal projects that would not be possible without significant initial public investment, similar to the previous *Building Better Cities* program;
- This strategy to also include a "Cities of the Future" plan to assist in the expansion of existing regional centres as well as the development of new urban centres; and
- Sufficient funding to be allocated in the Federal Budget to ensure the implementation of the recommendations of the COAG Working group on land supply and affordability.

### **Infrastructure:**

The effective provision of infrastructure, and its funding, is a critical element of housing supply and affordability. UDIA believes the following reforms are required:

- The Productivity Commission should be charged with undertaking an inquiry into financing local infrastructure and specifically examine the efficiencies of the way developer charges are applied in the different states;
- Federal funding to the states should be linked to the provision of essential infrastructure by state governments;
- The Commonwealth Grants Commission formula should be adjusted so that GST revenue is not clawed back from states when they receive grants from the Commonwealth or other sources of income that the states spend directly on infrastructure;
- Increased funding for infrastructure provision in cities and regional centres; and
- The Commonwealth and states (through COAG) should investigate innovative ways to fund new and improved infrastructure, such as tax increment financing.

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<sup>1</sup> National Housing Supply Council – State of Supply Report 2010

## **Broadband:**

The Government needs to achieve an agreement with Telstra for copper lines to continue to be provided for new developments in the interim period before the National Broadband Network (NBN) takes responsibility for being the carrier of last resort in greenfields developments.

## **Environment:**

UDIA believes that the Government should support property development industry programs like EnviroDevelopment that enable the industry to act as a key partner in the development of environmentally sustainable homes.

In relation to the administration of the EPBC Act, UDIA believes that:

- Environmental assessment should occur at a strategic level, prior to urban zoning, to provide a cohesive plan for human habitation whilst recognising the need for preservation. While s.146 of the EPBC Act provides for 'strategic assessments', the capacity for strategic assessment should be strengthened; and
- Government agencies need to have an integrated policy framework which, through agreements, enables single assessment to take place.

## **Government Structural Changes:**

UDIA believes that the ability of the Federal Government to deliver major housing policy reform is inhibited by the current structural arrangements. UDIA proposes the following changes:

- The creation of a Ministry of Urban Development and Cities, reporting directly to the Prime Minister;
- The Major Cities Unit be relocated to the Ministry of Urban Development and Cities, and assume responsibility of the inter-government co-ordination of residential land supply to ensure there is sufficient supply available in all Australian capital cities; and
- All future Federal Government legislation should include a statement outlining the impact of the legislation on housing affordability.

## **Population:**

There has been significant debate during the election campaign so far regarding Australia's population policy. UDIA believes that a growing population, serviced by appropriate and expanding infrastructure, is good for the economic and social welfare of Australia.

UDIA does not support a target population and considers that the economic fundamentals and the labour market should drive our population and employment policy. Of particular concern to UDIA is the current shortage of skilled labour in the building and construction sector.

UDIA believes that all Australian Governments should work with the development industry to ensure that there is an adequate supply of good housing, connected to high quality infrastructure, of the type and location where people want to live.

## **About UDIA:**

The Urban Development Institute of Australia (UDIA) is the peak body representing the property development industry throughout Australia, representing over 4,000 companies that directly employ more than 400,000 Australians including developers and a range of specialist and industry fields involved in the development sector including lawyers, engineers, town planners and contractors.

UDIA represents its members through a network of State Organisations based in the five mainland capital cities, a Northern Territory Branch, Local Branches, and a National Office based in Canberra.

## **Economic Impact of the Development Industry:**

The Development Industry is a major contributor to Australia's economic activity.

It directly accounts for 7.3% of GDP and, taking into account indirect impacts on the rest of the economy, delivers an additional 6.2% of national output. In terms of GDP contribution, the Development Industry is only overshadowed by mining, manufacturing and business services, the last group including an array of diverse activities.

Over half (56.6%) of all Australian private investment – equating to \$146 billion - is undertaken by the Development Industry.

The industry directly accounts for 975,700 full time equivalents (FTEs) directly (9.1% of the workforce) and a further 749,600 FTEs (7% of the workforce) in the broader economy.

The total (direct and indirect) impact of \$1 million invested in the Development Industry generates in Australia:

- 11.8 full-time equivalent jobs.
- State and federal taxes of \$146,474.
- An addition of \$885,880 to wages and salaries.

At a conservative estimate, the property development industry, both directly and through associated industries, generated in excess of \$29.7 billion of state and federal taxes in 2007/08.

***Source: Property Insights – The Property Development Industry Economic Impact Study, March 2010***