

Media Release

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Australia Cannot Afford Silence on Housing

Despite wide recognition of the role the housing construction industry must play in transitioning the Australian economy away from mining investment, there remains a deafening silence from all sides of politics on the policies needed to achieve this.

With the Federal Election now only weeks away, the Urban Development Institute of Australia is calling on all political parties to detail their policies to ensure that the housing and development industry will be in a strong position to deliver economic growth, new jobs, and affordable housing.

“Almost one in every ten jobs in Australia is in the housing development industry, with the wider related industry contributing about 13.5% of Australian GDP” said UDIA National President Julie Katz.

“It’s deeply concerning that neither of the major parties have yet announced a clear plan for such an important sector of the economy.”

The Reserve Bank of Australia has made the economic importance of the handover from mining to dwelling investment amply clear over the past months. In early July, Reserve Bank Governor Glenn Stevens reaffirmed this position, commenting that after several years of mining investment led growth, we are now “looking back to household dwelling spending” and that “we will need to build more dwellings than we have been over recent years”¹.

However the RBA Governor has cast doubt on the current ability of the construction industry to fill the gap left by the mining industry. In a speech last week, he conceded that housing investment has “been on the low side”, and whilst there was scope for it to rise, “this is by no means a certainty”.

“If housing is to help fill the economic void left by the fall in the mining boom, major policy reform is required to address constrained land supply, poor planning, inadequate investment in infrastructure, unfair taxes on housing, and red tape,” Ms Katz concluded.

UDIA has identified four key actions that the incoming Federal Government must undertake as a matter of priority:

Deliver modern infrastructure to support our growing population by:

- Exploring new ways to finance infrastructure at the local level by leveraging funding with private sector investment, and establishing a National Infrastructure Fund (as outlined in the Urban Coalition’s – “New Deal for Urban Australia).

- Consolidating local infrastructure-enabling programmes, such as the housing affordability fund and building better Regional Cities, into one programme, and committing to ongoing and increased funding of the scheme.
- Creating a National Land Use Plan by linking Commonwealth funding to the establishment of State based land use plans that provide detailed, costed infrastructure plans underpinned by delivery timeframes.

Deliver affordable housing now and for future generations by:

- Identifying the land needed in our cities based on population forecasts, land use plans, and housing production, and establish a fifteen (15) year plan for the roll-out of land in our cities.
- Regularly auditing Commonwealth-owned land with a view to making unused Commonwealth land available for housing development in our cities.
- Establishing an inter-governmental agreement on local infrastructure charges to ensure that developer costs are benchmarked around the country and made public.

Create a stronger economy and more jobs through a fairer taxation system by:

- Encouraging State and Territory Governments to phase out stamp duty on property purchases over a five (5) year period.
- Broadening the base of the GST which will assist States to phase out stamp duties.
- Including developer levies in GST cost base calculations to improve housing affordability.

Cut red tape by:

- Enhancing opportunities for strategic assessments and bilateral agreements under the EPBC Act to create an integrated environmental approval process and avoid duplication.
- Directing the Productivity Commission to undertake a national benchmarking project to identify development bottlenecks in state and territory planning systems.
- Stopping Commonwealth measures to restrict development around airports and airport corridors beyond the current and existing standards.

For further information please contact:

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References

¹Glenn Stevens – Address to the Economic Society of Australia 2013 Business Luncheon -3 July 2013

²Glenn Stevens – Address to the Anika Foundation Luncheon – 30 July 2013

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