2014/15 Pre-Budget Submission

Prepared by the Urban Development Institute of Australia (UDIA)

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1 UDIA in Brief

The Urban Development Institute of Australia (UDIA) is the peak body representing the interests of the development industry around Australia, acting on behalf of thousands of members across the country from a wide variety of fields.

UDIA aims to secure the economic prosperity and future of the development industry in Australia, recognising that national prosperity is dependent on our success in housing our communities and building and rebuilding cities for future generations.

In 2010, UDIA, on behalf of its members, commissioned Property Insights to undertake an economic impact study of the property development industry in Australia. The study confirmed the sector's significant influence on the Australian economy, as evidenced by the below findings:

- The property development industry is the fourth largest industry in Australia in terms of its contribution to GDP. 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.

- Almost one in ten Australian workers are employed in property development, with the industry directly accounting for over 975,700 jobs (9.1% of the workforce). In comparison, the mining industry employs less than 2% of the workforce. Property development employs a further 749,600 people through its indirect impact on the rest of the economy.

- As 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.

2 Introduction

The Urban Development Institute of Australia (UDIA) welcomes the opportunity to provide this Pre-Budget Submission to the Treasury.

The Australian economy is currently facing unprecedented challenges. The mining investment and commodities boom which supported Government revenues and individual incomes over the last decade appears to be waning. This is likely to drag on economic growth, employment, and State and Federal Government revenue over the coming years.

More than ever, Australia's future economic prosperity and the subsequent sustainability of Government budgets will depend on our ability to boost economic productivity, growth and employment in the non-mining sectors of the economy.

A recovery in the urban development industry must be a central part of Australia's transition away from mining construction led growth. Urban development and associated industries such as building construction are an essential cornerstone of the Australian economy, employing approximately 16% of the workforce, and generating around 13.5% of Australia's economic output.

There is also huge potential for growth in the development industry after several years of below average activity and Australia currently experiencing a significant dwelling shortage. A pick up in development activity would have the added benefit of creating new jobs in fields likely to be under pressure from the slowdown in mining, such as construction, engineering, project management and surveying, allowing for the redeployment of those workers.

Unfortunately the full potential of the development industry as a driver of economic growth and prosperity is being hindered by constrained land supply, tardy planning approvals, inadequate investment in infrastructure, inefficient taxes and burdensome regulation. The 2014/15 Federal Budget provides an excellent opportunity for the Government to take important steps towards addressing these problems.

The Government must work with state and territory governments to improve the planning system and free up land for new development, commit to more and smarter investment in urban infrastructure, phase out inefficient and inequitable taxes, and reduce the burden of unnecessary regulation.

UDIA and the urban development industry would like to work closely with the Government and the wider community to achieve a prosperous Australian economy and a sustainable Federal Budget. We urge the Government to consider the recommendations put forward in this pre budget submission.

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3 Recommendations

- To Increase the Supply of New Housing, the Government should:
    - Play a leadership role in cooperating with state and territory governments to improve planning and the supply of urban land.
    - Regularly audit Commonwealth owned land to determine if ongoing possession by the Commonwealth is its best use, and if not, make it available for urban development.
    - Substantially retain the National Rental Affordability Scheme (NRAS), and commit to increased and ongoing funding to the scheme and an expanded dwelling target.
    - Consolidate local infrastructure enabling programs, such as the Housing Affordability Fund and Building Better Regional Cities program into one major local infrastructure fund, and commit ongoing and increased funding to such a scheme.
- To Boost National productivity through infrastructure investment, the Government should:
    - Further investigate tax increment financing (TIF) as a means to fund infrastructure investment.
    - In instances where privatisation of existing state government assets is in the best interests of consumers and businesses, the Commonwealth should incentivise state governments to sell those assets and invest the proceeds in new infrastructure projects.
    - Investigate new ways to remove barriers to private investment in public infrastructure, and improve the attractiveness of public infrastructure as an investment.
    - Strengthen the role of Infrastructure Australia, and commit to rigorous and comprehensive cost benefit analysis to ensure the greatest value for money on new infrastructure projects.

    - Ensure that infrastructure funding, financing and implementation strategies are integrated across different functions of government (including land use and transport planning, economic and urban development and environmental assessment), and across different levels of government.

- To Strive for a more efficient and equitable tax system, the Government should:

    - Work with state and territory governments to phase out stamp duty on property purchases over a five year period, and replace them with more efficient taxes such as a broadening of the GST.

    - Include levies in GST cost base calculations to improve housing affordability.

    - Work with state and local governments to ensure that where developer contributions are used, they are reasonable, transparent and justified in their implementation, and that there are not more appropriate forms of funding available.

    - Play a role in benchmarking housing and infrastructure costs around the nation, with a view to reducing those costs.

    - Favour funding and financing approaches that spread the cost of infrastructure out over extended time frames, rather than impose it up front, such as through developer contributions.

- To Reduce the burden of red tape and regulation, the government should:

    - Continue with its plan to streamline the environmental approval process to create a 'one stop shop'

    - Abandon the practice of cost recovery under the EPBC Act, and increase funding to manage the conservation of species listed under the Act.

    - Work with state and territory governments to ensure consistent planning policies exist across council areas in order to improve certainty in planning approval processes.

    - Stop attempts to restrict development around airports and airport corridors beyond the current and existing standards.

4 Increasing the Supply of New Housing

At a national level, Australia does not build enough new dwellings to support its strong population growth, and has failed to do so for a number of years. On average, the number of new homes built in Australia has been fairly static since the 1980s, at around 150,000 per year, despite roughly twice as many people being added to the population in recent years.

The consequence of this anaemic dwelling construction in the face of high population growth is seen in Australia's housing shortage, which the National Housing Supply Council estimated was 228,000 dwellings in 2011. At current population growth rates and levels of new housing supply, this shortage is expected to increase to over half a million dwellings by 2016.

The constrained supply of new dwellings has the effect of pushing up the price of new housing, locking many Australians out of home ownership and worsening problems such as housing stress and homelessness. Unnecessarily expensive housing and high urban land costs damage economic productivity as they flow through the economy in the form of higher input costs for businesses.

Whilst 2013 saw an increase in sentiment and activity in the property market across Australia, if supply side problems are not addressed, increased demand for housing will only be translated in to higher house prices and greater consumer debt, rather than greater construction activity and the associated employment and economic benefits.

The Supply of Developable Land

Releasing a steady stream of serviced land is key to addressing Australia's housing supply and affordability challenges. The trend of declining levels of serviced land in most capital cities threatens future supply, and has a severe negative impact on housing affordability.

While the barriers to supply vary from state to state, there are commonalities nationwide. For one, the roll out of infrastructure is delayed in most jurisdictions, and is holding up vast areas of developable land. In addition, planning approval processes throughout Australia are characterised by delays and uncertainty. Another common barrier in most jurisdictions is ever-increasing infrastructure and environmental charges or homebuyer levies, which are adding to the cost base of developments, and rendering many projects too expensive to pursue.

The Government has made a commitment to work with the States and Territories to reduce red tape holding up the supply of housing and construction, and to increase land release for new homes. UDIA strongly supports this commitment, and believes that **the Commonwealth must play a leadership role in cooperating with state and territory governments to improve the supply of urban land.** One avenue for achieving this is through a renewed COAG process, building on the findings of the Housing Supply and Affordability Reform (HSAR) working party.

Another option available to the Commonwealth to improve the supply of urban land is the release of surplus Commonwealth owned land for use in housing. Many Commonwealth sites such as military instalments and CSIRO sites are underutilised, disused or surplus to requirements, and could be better used as housing.

Due to their age, many of these sites are in central capital city locations with good existing access to community infrastructure such as schools, jobs and transport infrastructure, making them perfect for infill housing development. Selling surplus lands would also have the added benefit of generating revenue for the Commonwealth, and eliminating the costs associated with the long term management of unneeded land.

UDIA believes the Government should **regularly audit Commonwealth owned land to determine if ongoing possession by the Commonwealth is its best use, and if not, make it available for urban development.**

Commonwealth Housing Supply Initiatives

UDIA has welcomed federal initiatives designed to increase housing supply and address Australia's affordability pressures, such as the National Rental Affordability Scheme (NRAS) and the Housing Affordability Fund (HAF).

In recent years, commitment to these schemes has wavered amid a tight fiscal environment. It is essential that the Commonwealth Government takes a leadership role when it comes to addressing Australia's housing supply and affordability problems, by continuing to support these and other federal housing initiatives. Failure to do so will all but ensure that the housing supply crisis and associated economic and social impacts will continue to worsen.

National Rental Affordability Scheme

The National Rental Affordability Scheme was launched in 2008 to provide financial incentives for the construction of dwellings to be rented at below market rates to low and moderate income households. After getting off to a slow start, the NRAS has emerged as a viable solution to delivering much needed affordable rental dwellings.

Since its inception, the NRAS has been successful in providing tens of thousands of homes affordable to those on low incomes, with thousands more currently under construction. It also provides investors with an attractive investment return, and represents good value in government spending compared to alternatives such as directly funding the construction of social housing.

UDIA recognises that there is room for improvement in the implementation and administration of the NRAS, but fundamentally believes that it provides a productive partnership between the Federal Government, State Governments and the private sector to supply affordable housing. As such, **UDIA urges the Commonwealth to substantially**

retain the NRAS, and commit to increased and ongoing funding to the scheme and an expanded dwelling target.

Local Infrastructure Enabling Initiatives

One of the most fundamental challenges to providing affordable housing to support Australia's growing population is ensuring that adequate local infrastructure such as water pipes, sewerage, roads and parks is provided in new developments. In many cities, the release of serviced land for new housing is significantly delayed or prevented by inadequate provision of local infrastructure, further constraining housing supply and exacerbating affordability pressures.

Launched in September 2008, the Housing Affordability Fund (HAF) provided some $400 million to increase the supply of affordable housing by funding local infrastructure. The HAF represented recognition of the major challenges afflicting developers as the funding was supposed to specifically address ever-increasing infrastructure costs as well as holding costs brought on by long planning and approval times. Some 75 projects countrywide attracted funding from the HAF resulting in an increase in affordable housing.

The Building Better Regional Cities (BBRC) initiative was announced in July 2010 with the goal of investing in local infrastructure projects that support new housing developments in regional cities. Through the scheme the Government has allocated $112 million to some 16 communities for various infrastructure-enabling projects. Both the HAF and BBRC have been highly successful at reducing the cost of infrastructure in new areas, and have been strongly supported by industry as a way to increase the supply of serviced land and improve housing affordability.

While UDIA applauds existing efforts to address the cost of infrastructure in the development process, we believe a number of programmes with relatively low levels of funding are unlikely to significantly increase the supply of affordable housing. The Commonwealth should **consider consolidating local infrastructure-enabling programmes, such as the Housing Affordability Fund and Building Better Regional Cities, into one major local infrastructure fund and commit to ongoing and increased funding to such a scheme.**

5 Boosting National Productivity through Infrastructure Investment

Effective and efficient infrastructure provides the fundamental framework that allows modern economies to operate. Infrastructure investment has the potential to greatly improve Australia's economic productivity and the quality of life in our cities, and with careful planning and delivery, can generate an enormous positive net benefit for our society.

The timely provision of sufficient major economic infrastructure such as transport and utilities infrastructure is also an ongoing area of concern for the urban development industry. Urban development by its very nature requires large investments in new infrastructure, supporting jobs, businesses, and generating a large proportion of Australia's economic output.

Unfortunately the provision of key economic infrastructure has struggled to keep up with strong growth in the Australian economy and population in recent years, and there is currently a large and growing 'infrastructure gap'. The failure of governments to adequately invest in new and upgraded infrastructure has put substantial strain on existing networks, increasing congestion, dragging on productivity, and putting Australia's economic future at risk.

Increasing Funding for Infrastructure

The 2014/15 Federal Budget needs to develop an effective funding strategy to provide for new infrastructure, and to upgrade existing stock. Given the challenges facing the Budget, securing funding for the infrastructure Australia needs will require investigation of alternative funding methods, in addition to traditional methods such as government debt.

Tax Increment Financing

Investment in new infrastructure by governments increases the amenity of areas with access to the infrastructure, and subsequently the land values of those areas. Tax Increment Financing (TIF) allows governments to capture back some of the value uplift as a result of new infrastructure investment, such as through council rates and other property taxes, and use that to help fund and secure financing for infrastructure investment.

TIF is widely and successfully used in the United States to fund infrastructure, and represents an unrealised opportunity for infrastructure investment in Australia. **The Federal Government should further investigate Tax Increment Financing (TIF) as a means to fund infrastructure investment.**

Asset Sales

There exists a substantial opportunity to recycle capital from existing government assets into new infrastructure projects. State governments could sell their existing infrastructure assets to the private sector, both freeing up funds and potentially resulting in more efficient use of that infrastructure. Of course privatisation may not be the optimal solution in all instances, and any decision to privatise state infrastructure would have to take in to account the needs of the community, the government revenue lost by selling the asset, and whether sufficient regulation and markets exist to support the asset's privatisation.

In instances where privatisation of existing state government assets is in the best interests of consumers, and businesses, the Federal Government should incentivise state governments to sell those assets and invest the proceeds in new infrastructure projects.

Increased Retail and Institutional Investment

Another potential way to increase the funds available for infrastructure investment is through increasing access to institutional and retail investors. In particular, Australia's superannuation industry has enormous potential as a source of funding for infrastructure projects. Methods to unlock investor funds include infrastructure bonds, preferential tax treatment, and addressing existing barriers to investment, such as a lack of market experience in infrastructure investment, concerns over project risk, lack of an established marketplace for infrastructure, and a lack of an ongoing, diversified pipeline of new infrastructure projects.

One specific model advocated by UDIA involves the establishment of an Urban Infrastructure Fund to increase retail and institutional investment. The Fund, which is outlined in the Urban Coalition's Plan, *A New Deal for Urban Australia*, would create a new infrastructure asset class. Returns on this asset class would be credit enhanced via a tax rebate or government guarantee, in order to make it more attractive to investors

Money raised by this investment product would be used by the Urban Infrastructure Fund to provide seed finance to qualifying infrastructure projects, submitted by project sponsors such as local governments, statutory authorities or regional development corporations. Project sponsors would complement seed finance with funding from other sources (such as traditional government recurrent expenditure, PPPs, bank finance, etc.)

The Federal Government should investigate new ways remove barriers to private investment in public infrastructure, and improve the attractiveness of public infrastructure as an investment.

Making Infrastructure Investment Smarter and More Effective

Increasing funding for infrastructure investment is only half of the equation when it comes to solving Australia's infrastructure problems. It is crucial that that Government spending is directed to the infrastructure projects that deliver the greatest economic benefits, and that infrastructure is delivered efficiently and effectively.

Infrastructure Australia

Infrastructure Australia was established by the Australian Government to provide objective and independent advice on Australia's future infrastructure needs, and the best way to fund, finance and deliver that infrastructure. The existence of a strong and independent organisation such as Infrastructure Australia, along with thorough cost benefit analysis will help ensure that Australia gets the right infrastructure, and that the Government achieves the greatest value out of its spending on infrastructure investment.

The Federal Government should strengthen the role of Infrastructure Australia, and commit to rigorous and comprehensive cost benefit analysis to ensure the greatest value for money on new infrastructure projects.

Infrastructure Planning and Coordination

Also critical to the successful implementation of major infrastructure is adequate planning and coordination between the different levels of Government. State and local governments have varying processes established for the selection, planning and implementation of infrastructure, with objectives that may compete or conflict with other areas and levels of government.

To ensure the most efficient, cost effective and timely implementation of major infrastructure, **the Federal Government should ensure that its infrastructure funding, financing and implementation strategies are integrated across different functions of government (including land use and transport planning, economic and urban development and environmental assessment), and across different levels of government.**

6 Striving for a More Efficient and Equitable Tax System

The development industry is one of the most heavily taxed sectors in the Australian economy, with various government taxes and charges accounting for up to 44% of the price of a new house in some cities. Many of these taxes are economically inefficient and inequitable, further discouraging investment, and worsening housing delivery and affordability. The damaging nature of much of the taxation on the property has been recognised in several tax reviews undertaken in recent years.

Whilst a large proportion of the taxation on property is levied by state and local governments, their replacement with more equitable and efficient taxes will only be achieved with cooperation from the Commonwealth, due to the vertical fiscal imbalance experienced between Australian Governments.

<u>Stamp Duty</u>

Stamp duties are a highly economically inefficient tax that contributes considerably to the cost of new homes. In 2010, the Henry Tax Review stated that "there is no place for stamp duty in a modern Australian Tax system", and recommended the Commonwealth Government facilitate the transition to less costly and more equitable taxes.

When levied on property, stamp duties distort the efficient allocation of housing and land by penalising owners for moving to properties that best suit their needs. This has the effect of damaging economic productivity by constraining labour mobility, as the Productivity Commission recently reaffirmed in its study on Geographic Labour Mobility. This propensity to lock people in to certain locations also has the potential to increase transport congestion and costs, as individuals are forced to commute rather than move to areas closer to employment.

Stamp duties are also a highly unreliable source of revenue for state governments, as they rely on the volume of property transactions, which are highly variable. With property transactions at sustained low levels over the past several years, state government budgets have been hit hard. A more reliable source of revenue is needed.

In 2012 the ACT became the first jurisdiction to commit to phasing out stamp duty over 20 years. While this is a step in the right direction, the urban development industry believes stamp duty should be removed from all transactions immediately. However, given the reliance of State Governments on stamp duty as a revenue source, UDIA accepts that a more pragmatic approach may be required. **The Federal Government should work with State and Territory Governments to phase out stamp duty on property purchases over a five year period**, and replace them with more efficient taxes such as a broadening of the GST.

GST

The calculation of GST paid on land for development displays some fundamental flaws in design. As a principle the Budget should eliminate taxation on an existing tax. These design problems are most problematic in cost base definitions.

Such a problem exists in the cost base of land for development for GST purposes. When GST is paid on land, it is calculated on the land selling price less acquisition cost. The land selling price includes State and local Government levies and stamp duties. Government levies and stamp duties should be included in the cost base not the selling price.

Given that margin schemes and taxation of taxes and levies defies all principles of good tax design, UDIA believes the Budget should **include levies in GST cost base calculations to improve housing affordability.**

Developer Levies/Charges

Developer levies, or developer contributions, are upfront charges levied on developers for the provision of new or upgraded infrastructure. They typically take the form of infrastructure provided and paid for by the developer, a gift of land from the developer, or a monetary payment made by the developer to the government, ostensibly for the provision of infrastructure.

Developer contributions have gained increasing importance as an infrastructure funding mechanism as a result of:

- Increasing demand for and cost of infrastructure
- Fiscal constraints on local governments as a result of rate capping and reduced grants from state and federal governments.
- A shift in broader expectations away from government financing and funding of infrastructure toward cost recovery from users/beneficiaries of infrastructure.

Their implementation is justified based on the belief that those who directly benefit from infrastructure should cover the costs of its construction. To be fair and effective, developer contributions should be charged proportionately to the benefit received by the beneficiary of the infrastructure, and should be transparent in their calculation and application.

Unfortunately all too often this is not the case and developer contributions are unreasonable and excessive, damaging both business and housing affordability.

Developer contributions are frequently opaque and unjustified in their application, and there may be no clear connection between the cost of the infrastructure provided and the contribution, to the extent that the contribution may be well in excess of the cost of the infrastructure it is supposed to pay for. Additionally in many cases developer contributions are used to pay for infrastructure that benefits the wider community (for example trunk roads and utilities infrastructure upgrades). In this case, developers and ultimately new home buyers are being forced to subsidise the rest of the community.

A further problem with developer contributions is that where the developer is required to build and bear the upfront cost of public infrastructure, local governments and councils have a strong incentive to set unnecessarily high engineering and construction standards in order to minimise their ongoing maintenance and replacement costs. Where these reduced costs aren't reflected in lower council rates, new home buyers effectively end up paying for their infrastructure twice, once through a higher up front house price, and again through recurring rates.

Of additional concern is the propensity of local councils to seek 'catch-up finance' from developer charges for previously planned, but not implemented community facilities. Councils put pressure on developers of new land to provide this opportunistic finance as an alternative to funding that should be gained from general taxes.

UDIA notes that these recent additional costs to new homes are inequitable across generations of home buyers. In earlier years infrastructure to support residential housing was financed via general revenue.

The Federal Government should work with State and Local Governments to ensure that where developer contributions are used, they are reasonable, transparent and justified in their implementation, and that there are not more appropriate forms of funding available.

The Federal Government should also play a role in benchmarking housing infrastructure costs around the nation, with a view to reducing those costs.

It is important to note that whilst developer contributions are nominally paid for by developers, the cost is reflected in the price of new homes, and thus ultimately borne by new home buyers. UDIA estimates that the upfront infrastructure costs imposed on new housing in many instances can be as much as $65,000, which is a considerable proportion of the cost of a new home, and a substantial hurdle for those aspiring to home ownership.

The Federal Government should favour funding and financing approaches that spread the cost of infrastructure out over extended time frames, rather than impose it up front, such as through developer contributions.

7 Reducing the Burden of Red Tape and Regulation

Excessive and unnecessary regulation and red tape is another significant contributor to the cost of new homes, and acts as a considerable barrier to new investment. UDIA welcomes the Government's recent commitment to reducing red tape and regulatory complexity, and looks forward to working with the Government to reduce the burden of red tape and regulation on the housing industry.

Areas of particular concern for the development industry are duplication within the environmental approval process, slow and inconsistent planning regimes, and attempts to add new noise metrics to the existing regime governing development around airports.

Green Tape

UDIA is fully supportive of the goals of the Environment Protection and Biodiversity Conservation (EPBC) Act, and we believe that if applied efficiently this legislation can contribute towards achieving the triple bottom line of sustainability. However, our members have firsthand experience of some of the problems associated with the application of the Act.

The current system in which the EPBC Act is invoked late in the planning process and State and Federal processes are routinely duplicated is unsustainable. Duplication of State and Federal environmental processes results in significant costs and delays for development projects. A failure to streamline the process will exacerbate housing delivery and adversely affect housing affordability.

UDIA and the development industry have warmly welcomed the Government's decision to implement a 'one stop shop' for environmental approvals by devolving federal approval responsibilities to the approval process in each state. This decision is likely to improve approval times and reduce costs for both developers and the government, whilst maintaining the objectives of the EPBC Act.

The Government should continue with its plan to streamline the environmental approval process to create a 'one stop shop'

UDIA continues to be concerned with the level of cost recovery undertaken by the Commonwealth in the application of the EPBC Act, as it is inequitable and unjustified where the community should expect a Government agency to function within budget funding. A greater deal of long term federal funding should be released to manage the conservation of species listed under the EPBC Act. In the absence of such funding, the onus to fund the protection of flora and fauna will continue to fall on the various State/Territory Governments and developers. Increased Federal funding will also allow the listing of species of national environmental significance to be accompanied by funded and publicly-available recovery plans.

The Government should abandon the practice of cost recovery under the EPBC Act, and increase funding to manage the conservation of species listed under the Act.

Consistent Planning Policies

UDIA urges the Government to work with state and territory governments to ensure consistent planning policies exist across Council areas to improve certainty in planning approval processes. The way in which regulation is administered is often more problematic than the regulation itself.

Concerns with the performance of government agencies include:

- An attitude of strict compliance rather than assistance.
- A risk-averse culture.
- Lack of coordination between agencies.
- Lack of clarity about the government's objectives, processes and timeframes.
- Lack of transparency in decision-making processes.
- Inconsistent interpretation of rules.
- Disconnect between the regulator and business.
- Lack of clear accountability and 'ownership' of decision-making.

One of the most fundamental findings from investigations into red tape was the recognition that the majority of the regulatory burden on business does not come from the Acts or regulations passed by the Parliament. The main source of the current regulatory burden comes from quasi-regulations and government administration of them.

Quasi-regulations are policies, administrative procedures and business rules developed by government agencies. These are created under powers given to government agencies to achieve the principles stated in the Act and regulations for that specific area. The worrying thing about quasi-regulations is that there is very little transparency about how they are created, administered and reviewed. There is often little or no parliamentary scrutiny of quasi-regulations. They are therefore not assessed by those who have created the laws as to whether they are consistent with the intent of the legislation.

UDIA and the development industry seek the ongoing assistance of the Federal Government to help remove red tape in planning systems in order to boost investment and improve the planning process.

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Airport Planning

The Australian Noise Exposure Forecast (ANEF) system is the principal system currently used for making planning decisions in the vicinity of airports. It has existed for over 30 years, and continues to provide developers, land owners, planning officials and airports with clear, consistent and predictable planning outcomes.

UDIA remains deeply concerned by repeated attempts by the Commonwealth Department of Infrastructure and Regional Development to undermine the ANEF system by introducing new and additional noise metrics. UDIA believes the introduction of the metrics outlined in the National Airports Safeguarding Framework and proposed by the Department would unnecessarily sterilise vast tracts of land from development, and increase delays, complexity and uncertainty in the planning system for little benefit.

The noise contours currently used in the ANEF system are based on research originally undertaken by Australia's National Acoustic Laboratories to establish acceptable levels of noise disturbance, and are a highly scientific and sound methodology. In contrast, the proposed noise metrics are subjectively defined and not based on any technical analysis.

UDIA strongly maintains the view that the existing ANEF system has been very effective in delivering certainty and consistency in land use planning around airports across all Australian jurisdictions. **The Federal Government should end its ongoing attempts to unnecessarily modify what is already a highly successful system.**

8 Concluding Comments

UDIA would like to thank the Treasury for the opportunity to provide this pre-budget submission to the Commonwealth Government.

UDIA would welcome the opportunity to discuss any aspect of this submission in greater detail. For further information, please contact UDIA National on 02 6230 0255 or at udia@udia.com.au

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