

Media Release

Tuesday May 13 2014

BUDGET FOCUSES ON THE FINANCES, NOT ECONOMIC GROWTH

In a tough fiscal climate, the 2014-15 Federal Budget has delivered what it promised to deliver, considerable savings on the back of major cuts to Government expenditure. However there needs to be a greater focus on driving future economic growth, says the Urban Development Institute of Australia.

In addition to wide ranging cuts to federal programs, the Government has outlined an \$11.6 billion infrastructure package consisting of new federal funding and an 'infrastructure growth package' to incentivise states to free up funds locked up existing assets.

Investment in key urban infrastructure has failed to keep up with the growth of our cities in recent years, impacting on productivity and the quality of life in our cities. The additional funding provided in the Budget should provide a desperately needed boost in key infrastructure investment, as well as generate new jobs.

The announcement that the Government will be discontinuing Round Five of the National Rental Affordability Scheme will stop the delivery of thousands of new affordable dwellings, and is a major disappointment.

"Since its establishment in 2008, NRAS has delivered 14,575 new homes for low and moderate income households, and was on track to provide 23,884 more," said Mr Shephard.

The Government will however be reviewing the operation of the scheme as a result of concerns it had with its administration, and UDIA is looking forward to working with the Government on this review.

The decision in the Budget to sell off surplus Commonwealth property is likely to be a win-win for both government finances and land supply, although UDIA believes the Government should have gone further by including defence owned property.

"UDIA has consistently advocated for the Government to undertake thorough and regular auditing of its assets, with a view to selling off surplus land for development where suitable," said UDIA National President Cameron Shephard. "It's great to see this measure adopted in the Budget."

The Budget has projected an increase in dwelling investment from 3.5% to 7.5% in 2014-15 which if achieved will contribute considerably to economic growth, but the Government cannot rely on low interest rates alone to drive the projected resurgence in new dwelling investment.

“With the Tax White Paper and Review of the Federation now on the horizon, the Government must work with the States and Territories to address the problems holding up investment in new housing, such as excessive red tape, and hefty taxes and charges”, said UDIA National President Cameron Shephard.

“In addition to improving housing affordability, increased investment in housing will create new jobs, improve business activity, and add to Government revenue. This boost to the economy and Budget bottom line will be particularly crucial over the coming years as the mining investment boom winds down,” concluded Mr Shephard.

For further information or comment, please contact:

Cameron Shephard, UDIA National President – 08 9217 3600 or 0418 934 399

Liam Foley, UDIA National – 02 6230 0255 or 0431 338 458

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA (NATIONAL)

GPO BOX 2507 CANBERRA ACT 2601

T: 02 6230 0255 and 02 6230 0055

F: 02 6230 0311

E: udia@udia.com.au