

Media Release

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Budget Fix Requires Bold Thinking

Given Australia's growing challenges, the Government will have to think outside the box if it is to achieve its goal of both supporting households and boosting the Budget bottom line, says Australia's peak development body.

In its submission to next week's Federal Budget, the Urban Development Institute of Australia (UDIA) has called on the Government to investigate innovative new ways to improve productivity, infrastructure investment, and take pressure off Australian households.

UDIA National Vice President Michael Corcoran said that a renewed focus on housing and infrastructure investment would be central to successful budget reform.

"New housing construction is a key driver of economic growth, employment and Government revenue, and also helps to address Australia's undersupply of affordable housing. However inefficient taxes and charges, red tape, and insufficient infrastructure investment, continue to push up the cost of new housing, and hold back supply," said Mr. Corcoran.

UDIA's submission recommends greater use of non-traditional methods for funding infrastructure, such as tax increment financing and credit enhancement, along with funding incentives to improve state government performance on key red tape and urban productivity measures.

"Housing is a major cost for most households. By removing unnecessary costs and barriers to new housing supply, the Government can both provide a boost to the economy and employment, whilst taking pressure off the cost of living," said Mr. Corcoran.

UDIA is also calling on the Government to investigate a new initiative to bring jobs closer to where people live, by providing incentives for business to relocate from city centres to suburban and regional areas. This could lower travel costs and provide better access to jobs for commuters, and improve productivity by reducing congestion in our major urban areas.

Please see below for a summary of UDIA's recommended actions for the 2015-16 Federal Budget. UDIA's full Pre-Budget submission can be downloaded [here](#).

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UDIA 2015/16 Pre-budget Submission – Summary of Recommended Actions

To provide the infrastructure to support urban growth and productivity, the Government should:

- **Fund long term plans to provide the infrastructure necessary for urban growth, and budget for those works.**
- **Require that infrastructure investment decisions are subject to rigorous and comprehensive cost benefit analysis, to ensure the greatest value for money on new projects.**
- **Allow non-traditional methods of funding infrastructure, to increase the level of funding available for investment at both a federal and state level.**
- **Reduce the barriers and remove the excessive costs that currently apply to new housing.**
- **Cease plans to shift the cost of providing the National Broadband Network to new home buyers through up front connection, network and backhaul charges.**

To create a fairer and more efficient tax system, the Government should:

- **Require state governments to phase out stamp duty by making it a condition precedent to receiving additional funding arising from broadening the base of the GST.**
- **Include state and local government levies in GST cost base calculations to improve the integrity of the tax system and reduce the incidence of double taxation.**
- **Use the Tax White Paper process to undertake a broad, thorough and prompt review of the tax system, to flow through to the Government's tax reform agenda.**

To reduce red tape and create a stronger, more resilient economy, the Government should:

- **Reduce duplication with state and local government processes, including continuing to streamline federal and state environmental assessment and approval systems.**
- **Stop attempts to restrict development around airports and airport corridors beyond the current and existing standards.**

- **Continue to encourage foreign investment into residential real estate**, by supporting Australia's existing foreign investment policy framework.

To plan for population growth and change, the Government should:

- **Implement a financial incentives scheme that directs Federal Infrastructure funding** to incentivise and reward State and Territory Government new development productivity performance. This will increase the affordable supply of new land and housing supply and ensure the highest return from Federal infrastructure funding.
- **Instruct the Productivity Commission to investigate Employment Zones** & the productivity benefits of a policy to encourage decentralisation of employment in major cities via specified Employment Zones that enjoy tax incentives.
- **Prepare national population growth forecasts & trends** and issue regular growth forecasts for each State & Territory.
- **Require State Governments use these population growth forecasts to prepare comprehensive strategic plans** for future urban infrastructure and land-use planning and land supply to align with the forecasts. The submission of these State Strategic Plans can be a pre-condition to qualifying for Federal Infrastructure funds.