

Media Release

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Budget Boosts Foundation for Growth

The Urban Development Institute of Australia (UDIA) welcomes tonight's budget, acknowledging that the government has paved the way for an election campaign to be fought on infrastructure investment that boosts the productive capacity of our economy.

"Infrastructure spending underpins growth and it also makes our cities more liveable, affordable and connected. The government's announcements are both visionary and tangible," UDIA National President Michael Corcoran said.

"Tonight's record \$50 billion commitment to infrastructure investment, between 2013-14 to 2019-20, is great news for the community, the economy, employment and our industry. It draws a marker for the coming election campaign," Mr Corcoran continued.

"With the Reserve Bank lowering interest rates today by 0.25 percentage points, to a record-low 1.75 per cent, and interest rates at record lows around the world, there is potential for the government to invest even more heavily in the infrastructure our cities need to grow and be productive. It is also positive to see that the majority of the banks have passed on the RBA cut in full to their mortgage customers," Mr Corcoran said.

The UDIA welcomes the government's reaffirmation of its policy to not change the negative gearing and capital gains tax regimes, given the positive contribution that these policy settings provide to stimulating housing investment and rental housing supply. It is also positive to see the government's \$4.6 million commitment to expand the Cities Taskforce within the Department of the Prime Minister and Cabinet, and the modest company and personal tax cuts.

However, as a result of ongoing state and local government supply constraints, a previous lack of investment in urban infrastructure and high and inefficient levies and charges on new homebuyers, the budget forecasts modest growth in dwelling construction of only 2 per cent in 2016-17, down from 8 per cent growth in 2015-17. More reform is required in these areas to boost supply and improve housing affordability

"Although new home production is expected to remain buoyant, the modest growth forecasts highlight that all governments around Australia need to urgently address the structural barriers that hold back housing supply and undermine affordability," concluded Mr Corcoran.

For comment, please contact:

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