

National Campaign Headquarters

Response to Urban Development Institute of Australia

Housing affordability will always be a major priority for the Federal Labor Government. Federal Labor understands the various issues that need to be balanced and considered in providing affordable and social housing including economic, social and infrastructure factors.

Federal Labor commends the Urban Development Institute of Australia (UDIA) on its important and valuable work and we will continue to work with the UDIA on our housing affordability agenda.

Delivering modern infrastructure to support our growing population

A Sustainable Population Strategy

The Rudd Labor Government recognises that Australia's growing population creates challenges for infrastructure in Australia. Federal Labor's Sustainable Population Strategy sets out a framework to enable the Rudd Labor Government to continue to address the challenges of our changing population over the coming years.

A Sustainable Population Strategy targeted at addressing needs community-by-community is the right strategy for a managing the benefits and challenges of population change.

The Strategy recognises that all levels of government need to ensure that the right infrastructure, housing, facilities and services are available in the locations where Australians choose to live. Its aim is to maintain and improve the wellbeing of all current and future generations of Australians.

The Strategy is supported by a range of measures which Federal Labor is rolling out now, including creating jobs precincts in the outer suburbs of our major cities, support for our growing regions to plan for future growth and housing supply, establishing the National Sustainability Council, and new sustainability indicators to support decision making and planning.

The Strategy builds on the Rudd Labor Government's agenda to relieve pressure on the health system as our population grows and ages, deliver policies for sustainable water use, rolling out the National Broadband Network and improving how we deliver infrastructure, investments and the economy's productive capacity through better, more targeted skills and training.

The focus of the Strategy is on population change rather than setting arbitrary targets or caps – exploring policies for driving growth to regional areas by attracting skilled workers, delivering

more houses to where job opportunities are, and alleviating pressures in outer suburbs of major capital cities.

Liveable cities and delivering modern infrastructure

As an organisation represented on the national Urban Policy Forum, the Urban Development Institute of Australia would be aware of the work Federal Labor has undertaken to improve the productivity, sustainability and liveability of our cities. No government in the past has so comprehensively focused on the future direction of our cities.

Federal Labor has:

- Created the Major Cities Unit in the Federal Department of Infrastructure and Transport.
- Launched Australia's first national urban policy – *Our Cities, Our Future, a national urban policy for a productive, sustainable and liveable future*.
- Created the *Creating Places for People: an urban design protocol for Australian cities*, a commitment to best practice urban design in Australia. The protocol has been adopted by a variety of organisations and governments with at least 40 champions across the country.
- Created the Urban Policy Forum, a group of national leaders in urban policy, to drive policy implementation.
- Published four editions of *The State of Australian Cities*, an unparalleled compendium of the latest information about the productivity, sustainability, liveability, governance and settlement patterns of our cities. The first three editions have been fully-downloaded more than three million times.
- Through COAG, Federal Labor has worked with each State and Territory leader and required them to show the planning systems they had in place for the capital cities.
- Introduced a *Liveable Cities* program with more than \$70 million for a raft of projects around the country that demonstrate best practice in urban design and liveability.
- Released *Walking, Riding and Access to Public Transport*, a practical guide for individuals, small and big businesses, and governments at all levels to increase rates of active travel and public transport use within our cities.

How will I get to work from where I can afford to live?

Federal Labor recognizes that one of the most important ways to reduce the increasing time many Australians spend getting to and home from work is by providing frequent, safe and reliable public transport.

Federal Labor acknowledges the magnitude of the challenge and believes that fixing congestion and reducing travel times is simply too big a task to simply say 'it's the State's job'.

That is why we have committed \$13.6 billion to a raft of public transport projects around the country, more than all previous federal governments *combined* since Federation.

The future of Federal Labor's projects is under threat because Tony Abbott has confirmed that, should he be elected Prime Minister, he would cease funding urban public transport. He has repeated this several times since. It's clear that if the Coalition was elected and it would, for example, abandon two critical projects - the Brisbane Cross River Rail and Melbourne Metro.

The Brisbane Cross River Rail will transform the transport landscape of inner Brisbane and vastly expand services to the Gold Coast, Sunshine Coast and outer suburbs of Brisbane. The Melbourne Metro will untangle the inner core of Melbourne's metropolitan rail network and allow more services on existing lines with capacity for an additional 20,000 commuters each hour.

Nation building and new ways of attracting private financing

Australia faces immense infrastructure challenges as our population grows, our cities expand and our society adapts to massive technological and workplace change.

When Labor was elected to office, years of cuts and underinvestment had taken us to position 20 out of 25 OECD nations when it came to investing in public infrastructure as a proportion of national income. Investment in the nation's infrastructure had fallen by close to 20 per cent. This lack of investment had cut nearly one per cent off annual growth. More than \$2 billion had been cut from the Federal roads budget. Freight rail suffered from underinvestment.

There was no investment whatsoever in urban public transport to curb the rising cost of congestion.

Thanks to our record \$60 billion Nation Building Program, Australia now sits second on the OECD scale, with spending now 26.5 per cent of GDP. Total spending on the nation's public and private infrastructure is now 42 per cent higher than it was under the former government.

In early 2008, one of the first pieces of legislation to pass the new Parliament was the creation of Infrastructure Australia. With its own board led by Sir Rod Eddington, Infrastructure Australia has helped end the short-termism that had beset the sector for far too long. It has helped break once and for all the nexus between the political cycle and the funding cycle.

No longer are funding decisions made on the basis of election dates or a ribbon-snipping ceremony at some convenient time in the future. Six years later, the IA model has been adopted by the UK, by our neighbours in New Zealand and several Australian States, including here in NSW.

The IA system is working. It has overhauled the way our nation plans, assesses, finances builds and uses the infrastructure we need to compete in the 21st century.

There is transparent rigour now for everyone to see, and IA has:

- Conducted the nation's first ever infrastructure audit
- Put in place a National Priority List to guide investment into nationally-significant projects which offer the highest economic and social returns
- Developed Public Private Partnership guidelines to make it easier for private investors to partner with governments to build new infrastructure
- Launched Australia's first National Infrastructure Construction Schedule
www.nics.gov.au

We now have a National Priority List to guide investment in nationally-significant projects – those that offer the highest economic, environmental and social returns. We have committed funds to all 15 projects so far identified as 'ready to proceed' on IA's Priority list.

As part of the IA process, Federal Labor formed the Infrastructure Finance Working Group, a body of national experts who have thought creatively about ways of attracting private finance for public infrastructure.

Based on the advice of the Working Group, we have introduced a new tax incentive that came into effect in July. The incentive supports up to \$25 billion in new private sector infrastructure investment. For a project to be considered, it must first be deemed by IA as "Ready to Proceed". The incentive will uplift the value of carry forward losses by the ten-year Government bond rate. It will also exempt the carry forward losses and bad debt deductions from the continuity of ownership and the same business tests.

Delivering affordable housing now and for future generations

We have a proud record of helping to deliver affordable housing for Australians and their families. Since 2008, the Federal Labor Government has invested \$31 billion to make housing more affordable and assist people to move out of homelessness.

This is the largest single investment in housing affordability in Australian history.

The Federal Labor Government has made unprecedented investments in the radical expansion of social housing dwellings. Through Federal Labor's investment in social housing, we have directly contributed to the construction of one in every 20 new homes since coming to office through programs such as our \$6 billion investment in social housing, which is delivering more than 21,600 social housing homes across the nation; and the \$4.5 billion National Rental Affordability Scheme which provides incentive payments to build 50,000 affordable rental homes.

The Federal Labor Government is helping low-income households by providing rent assistance to around 1.2 million individuals and families. This assistance reduces the portion of recipients in housing stress from 68.2 per cent to 40.8 per cent. At this time, Federal Labor has no plans to increase the Rent Assistance rate. However, it should be noted that Rent Assistance rates are indexed in line with the Consumer Price Index.

Federal Labor has called on State and Territory governments to reduce stamp duty and will continue to press this issue at every appropriate opportunity.

Focusing specifically on seniors, Federal Labor is also investing \$112.4 million over four years in our *Housing Help for Seniors* trial program to support Age Pensioners and other pensioners over age pension age who want to downsize their home, without it immediately affecting their pension. Eligible pensioners who have lived in their own home for at least 25 years and want to downsize will need to put a minimum of 80 per cent of the excess sale proceeds from the sale of their home.

Creating a stronger economy and more jobs through a fairer tax system

Since its enactment, Australia's GST legislation has provided taxpayers, through the 'margin scheme', with an alternative means of calculating the GST on supplies of real property to ensure that GST is only payable on the value added to real property by registered entities since the commencement of the GST. Under the margin scheme, GST is generally only payable on the increase in the value of the property each time it is sold by a registered entity on or after 1 July 2000. Under the scheme, the sale price does not exempt particular components. This is consistent with the broader approach taken in the GST, which generally applies to the total value of the supply rather than to individual components.

We note that your organisation was engaged in in the 2011 Tax Forum at which there was come consensus that State and Territory Tax reform should be pursued to help secure Australia's future prosperity.

Federal Labor supports reform efforts by States to remove inefficient stamp duties levied on property transactions, which can stifle productivity and economic growth. The Australian Capital Territory has led the way recently by funding a bold, comprehensive and progressive plan for reform of its property taxes without relying on an increase in the GST. While shifting from stamp duty to land tax presents challenging transitional issues, the ACT has shown that these can be managed by taking a long-term view of reform.

Increasing or expanding the GST would hit hardest those on low and fixed incomes including students, job seekers, part time and minimum wage workers saving to buy a home.

The Rudd Labor Government will never lift the rate or broaden the base of the GST.

Cutting red tape

The Federal Labor Government has been working with the States and Territories to reduce impediments to housing supply, by improving efficiencies in planning and approval processes. Federal Labor will continue to pursue and implement key reforms including:

- Removing barriers to a greater dwelling mix such as minimum block-size requirements.

- Deeming that planning and referral authorities have approved a development application if they do not respond within mandated timeframes.
- Imposing mandatory timeframes on local councils' rezoning decisions.
- Greater use of code-based frameworks for dual occupancy and multi-unit dwellings to streamline approvals.

Federal Labor is committed to continue with our record investments in housing affordability and infrastructure and we look forward to continuing to work with the Urban Development Institute of Australia.

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