National Pre-Budget Submission 2019

“Building a Better Australia”

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA (UDIA) NATIONAL

January 2019

Dear Treasurer,

The Urban Development Institute of Australia (UDIA) is the leading peak national body representing the property development industry interests with more than 2,100 member companies across the country, promoting the responsible and sustainable growth of our cities. UDIA is the development industry's most broadly representative industry association counting top tier global enterprises and consultants to local governments and small-scale developers as members. Our federated structure and broad membership ensures that we receive timely, quality advice from people in the business of urban development.

UDIA welcomes the opportunity to provide a pre-budget submission to Treasury.

The property development industry makes a significant contribution to Australia's economy. Every $1 million invested in the property development industry generates 11.8 full-time jobs, $146,474 in taxes, and $885,880 in wages. The property development industry supports 29.4% of Australia's total workforce amounting to $214.6 billion in wages and salaries annually. The industry contributes about $87.9 billion p.a. in combined taxes, fees and charges.

The national importance of our cities has been increasingly reflected in the policies and priorities of successive Federal governments. The focus is a natural and laudable consequence of the benefits of getting our cities' planning right and the inherent risks of getting them wrong.

Australian cities routinely top the lists of the world's most liveable cities. That's testament to our city planners, our members and the collective passion for world class urban design. Our communities reap the benefits when we all work effectively together. Yet urban transport congestion, lagging infrastructure delivery, and a lack of affordable housing have significant potential to impact the productivity and liveability of our cities. Australian cities are among the most unaffordable in the world, with Sydney being the second least affordable, closely behind Vancouver which has seen a severe housing slump in recent years.

UDIA calls on the Federal Government to increase its focus on supporting Australians into new houses in its many and varied forms. In several capital cities in Australia there is a housing affordability crisis which needs to be addressed through increasing housing supply and diversity, planning and stamp duty taxation reforms. Falling house prices are not correcting the pent-up demand and years of lack of supply.

Industry requires certainty from the Federal Government to maintain the taxation regime with respect to negative gearing and capital gains. Any changes to this regime at a time of significant change to the property industry is not supported and runs a huge risk of a disorderly correction in the market place. This is particularly important so that new sectors, such as build-to-rent can be supported in a commercial manner. This enables supply to remain unpinned, while population policy can help encourage sharing population growth between major east coast cities and the rest of Australia.

Attached to our submission is a series of policy papers suggesting additional areas of reform relating to a range of policy issues, which the Federal Government needs to address to further support the delivery of critical housing supply and access to jobs within 30 minutes of people's homes to improve productivity in our cities.

If you require any additional information relating to any matter raised in the submission or supporting documentation please contact Steve Mann, Chief Executive Officer, on 02 9262 1214 or udia@udia.com.au.

Building a Better Australia:
RECOMMENDED ACTIONS FOR TREASURY

1. GET POPULATION SETTINGS RIGHT | 2. DELIVER URBAN INFRASTRUCTURE | 3. BOOST HOUSING SUPPLY AND DIVERSITY | 4. REFORM TAXES AND CHARGES | 5. IMPROVE CLARITY AND CERTAINTY | 6. FUTURE PROOF OUR CITIES

Actions needed to Get Population Settings Right

- Establish regular population forecasts and national Strategic Population Plan to better inform strategic land-use and infrastructure plans.
- Use data to inform a national strategic population plan that forecasts infrastructure and housing requirements, to accommodate population growth and delivers integrated, costed infrastructure and land release plans, including delivery timeframes.
- Settlement planning focused on regions to ensure the benefits of population growth are more evenly distributed across Australia.
- Expansion of City Deals to delivery of Settlement Planning. City Deals need real funding, like NHIFIC, with an ongoing City Deals funding mechanism to deliver activation projects, trunk infrastructure to and support state and private investment.

Actions needed to Deliver Urban Infrastructure

- UDIA seeks an 'Infrastructure Accord' where major parties agree to permanently insulate the identification, funding and delivery of significant infrastructure from partisan politics. With Australia expected to grow to more than 30 million by 2031, infrastructure planning is critical.
- An Infrastructure Accord would allow federal governments to adjust budgetary outlooks to properly distinguish between investments (such as infrastructure) and funding ongoing services.
- Long term infrastructure planning and delivery needs to be completed in consultation with the industry. Bipartisan support and industry consultation for long-term infrastructure is integral to certainty and delivery.
- Federal government to ensure the delivery of catalyst trunk infrastructure to support State growth plans. The growth of the nation is stifled by inadequately planned and badly delivered infrastructure across the nation. This is apparent in congestion and the lack of supply for housing and employment lands.

Actions needed to Boost Housing Supply and Diversity

- Establish clear State quotas for new homes and land supply based on national population and settlement planning data and strategies.
- Implement a financial incentives scheme linking federal funding to State government performance on planning system reform and meeting housing supply targets. Transit Orientated Development must be a key focus to realise the "30 minute city" and maintain liveability.

- Charge the States with responsibility for strategic planning, implementing population and settlement strategies and strategic infrastructure planning so long term planning is realised without the need for the Federal Government to organise states through City Deals. Incentivise the states for positive outcomes in this area.
- Recognise affordable housing as a new asset class and support with different investment typologies and greater incentives for the wider market to deliver.
- Utilise City Deals and National Housing Infrastructure Facility (NHFIC) to fund key infrastructure to unlock housing supply.
- Create market incentives and access capital to establish Build-To-Rent allowing the market to deliver mixed tenure and keyworker affordable housing.
- Strengthen NHFIC and the bond aggregate. NHIFIC needs money commensurate with the national problems faced. $1billion in infrastructure including up-to $150 million in affordable housing bonds will not deliver the response needed. There is a $96 billion supply backlog in affordable housing (over 10 years). UDIA suggests that there needs to be $15 billion for NHIFIC infrastructure and $9.2 billion Bond aggregate to support affordable housing. These monies need to be topped up year on year and guaranteed for 5 years giving the certainty needed to formulate and implement strategic plans. The Bond aggregate needs real power to co-fund projects not just issue bonds subsidising finance costs.
- Too often state and, in particular, local government planning controls restrict much needed housing diversity to suit consumer lifestyle and affordability needs. The market needs this flexibility and the Federal Government is encouraged to show leadership in this space.

Actions needed to Reform Taxes and Charges

- The tax burden must be shared equitably across the community to ensure governments can maintain the services we expect without harming economic activity.
- Use a range of measures to broaden the overall taxation funding base to protect struggling home buyers from bearing the burden of additional fees and charges.
- States must be incentivised to move away from stamp duty reliance and to a broader based tax. This will enable an increase in property turnover and efficiencies in the market. This will also enable growing family and changing population demographics to select the right sizing of housing efficiently.
- Scrap inefficient State stamp duty tax and transition to board-based tax.
- Maintain negative gearing/ capital gains tax to insure investment in the market. Any changes to this regime at a time of significant change to the property industry is not supported and runs a huge risk of a disorderly correction in the market place. This is particularly important so that new sectors, such as build-to-rent can be supported in a commercial manner.

Actions needed to Improve Clarity and Certainty

- The development industry directly contributes $456.9 billion p.a. to the Australian economy. This investment needs clarity and certainty. Overnight changes, green and red tape delay and stifle investment and will impact the wider economy.
- Advance the methodology, budgetary support, and delivery of City Deals. Expand City Deals to deliver infrastructure and catalyse housing delivery for the nation.
- There are currently 3 tiers of development approval, depending on the application. This has led to immense red tape. The silos of development approval, Local, State and Federal, must be streamlined and layers of approval must be consolidated. Policies that contradict each other, such as State legislation and Local controls must be amended to be consistent.

Actions needed to Future Proof Our Cities

- Leadership is essential, as maintaining Australia's world leading status for liveability demands effective partnerships with the community, industry, and all levels of government. Ensure current and successive federal governments incorporate a 'Cities Ministry' within Inner Cabinet leading the key issues for the global competitiveness of Australian cities, urban infrastructure and population.
- Establish performance benchmarks for cities and lead COAG on integrated policy reform.
- Establish and compel the Cities Ministry to tie together population and settlement planning, strategic infrastructure planning, green and red tape reviews, and hold States to account for delivery of infrastructure and urban growth plans.

AUSTRALIA'S DEVELOPMENT INDUSTRY

Source AEC Group Pty Ltd July 2017

EMPLOYMENT

The property sector directly employed

1.43 million

full time equivalent (FTE) employees in 2015-16 (13.8% of Australian total) and supported 1.62 million FTE jobs through flow-on activity

29.4%

of Australia's total employment

These jobs provided approximately

$214.6 billion

in incomes (wages and salaries)

TAX

The property sector contributed about

$87.9 billion

in combined Australian and state government tax revenues and local government rates, fees, and charges

This equates to

18.2%

of total Australian and State/Territory taxes and local government rates, fees,

and charges

GDP

The property sector directly contributed

$202.9 billion

to GDP in 2015-16 or 13.0% of the total contribution to GDP by all industries in Australia

It is estimated to have contributed a further

$254.0 billion

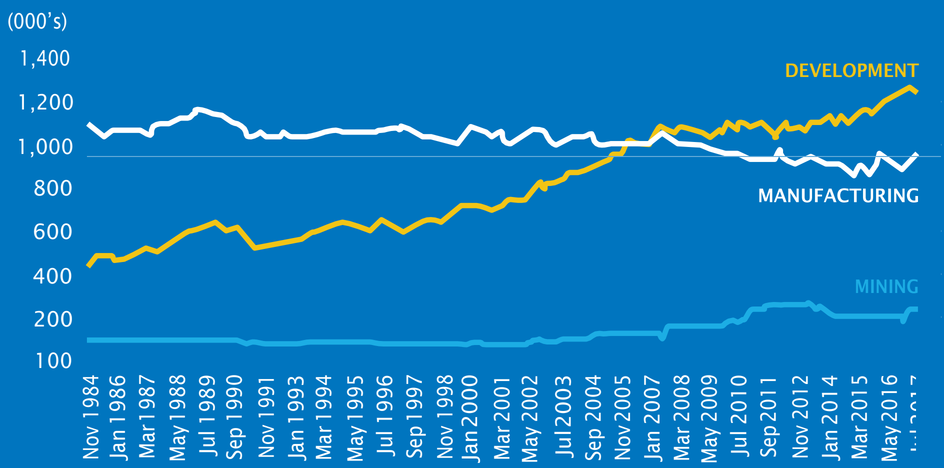
to Australian GDP through flow-on demand for goods and services

A total of

$456.9 billion

in direct and indirect contributions to the Australian economy

EMPLOYMENT BY INDUSTRY



6X the employment of the mining industry and nearly

1.5X the employment of manufacturing in Australia

ABS 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, May 2018, Table 06. Employed persons by Industry sub-division of main job

HOME

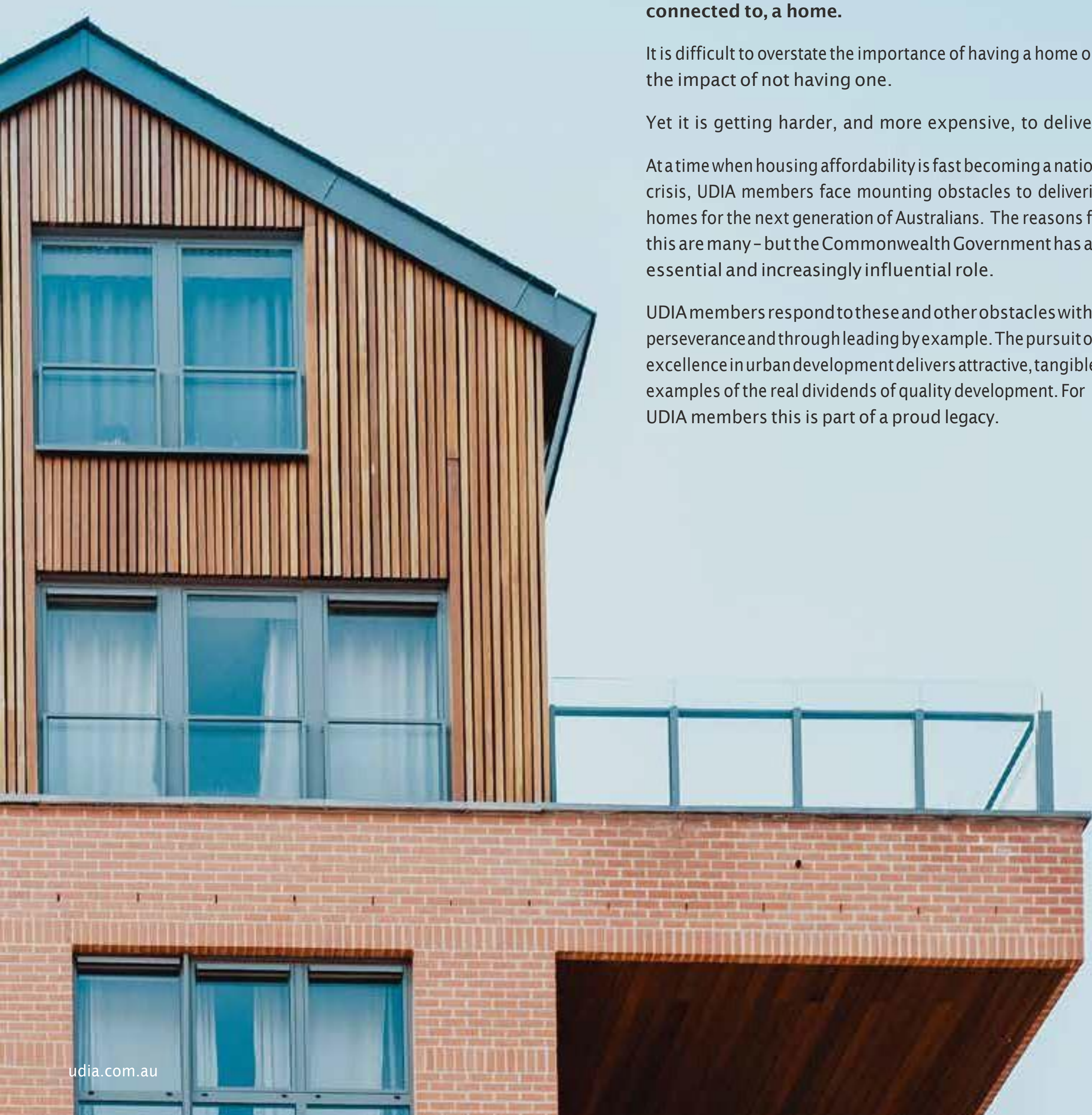
A 'home' is the common denominator for all urban development. While we build precincts and suburbs, and we design and deliver entire townships, ultimately these are all a conglomeration of, or intimately connected to, a home.

It is difficult to overstate the importance of having a home or the impact of not having one.

Yet it is getting harder, and more expensive, to deliver.

At a time when housing affordability is fast becoming a national crisis, UDIA members face mounting obstacles to delivering homes for the next generation of Australians. The reasons for this are many – but the Commonwealth Government has an essential and increasingly influential role.

UDIA members respond to these and other obstacles with perseverance and through leading by example. The pursuit of excellence in urban development delivers attractive, tangible examples of the real dividends of quality development. For UDIA members this is part of a proud legacy.



HOUSING AFFORDABILITY
– THE NEED FOR ACTION

A job and a place to live are the foundations of modern Australian life. Irrespective of politics, generations of federal governments have responded strongly to employment challenges, confirming the fundamental importance of ensuring successive generations share the benefits of work. But there's been far less coordinated emphasis on the importance of shelter.

Successive federal governments have traditionally left the challenge to the states. The lack of a national, strategic approach to housing affordability has delivered a crisis – potentially the single most significant social issue impacting Australia in decades.

AVERAGE HOUSE PRICE

2003

4X the avg. annual salary

2018

8X the avg. annual salary

20% DEPOSIT FOR A HOME EQUATES TO:

2003

86%

2018

140%

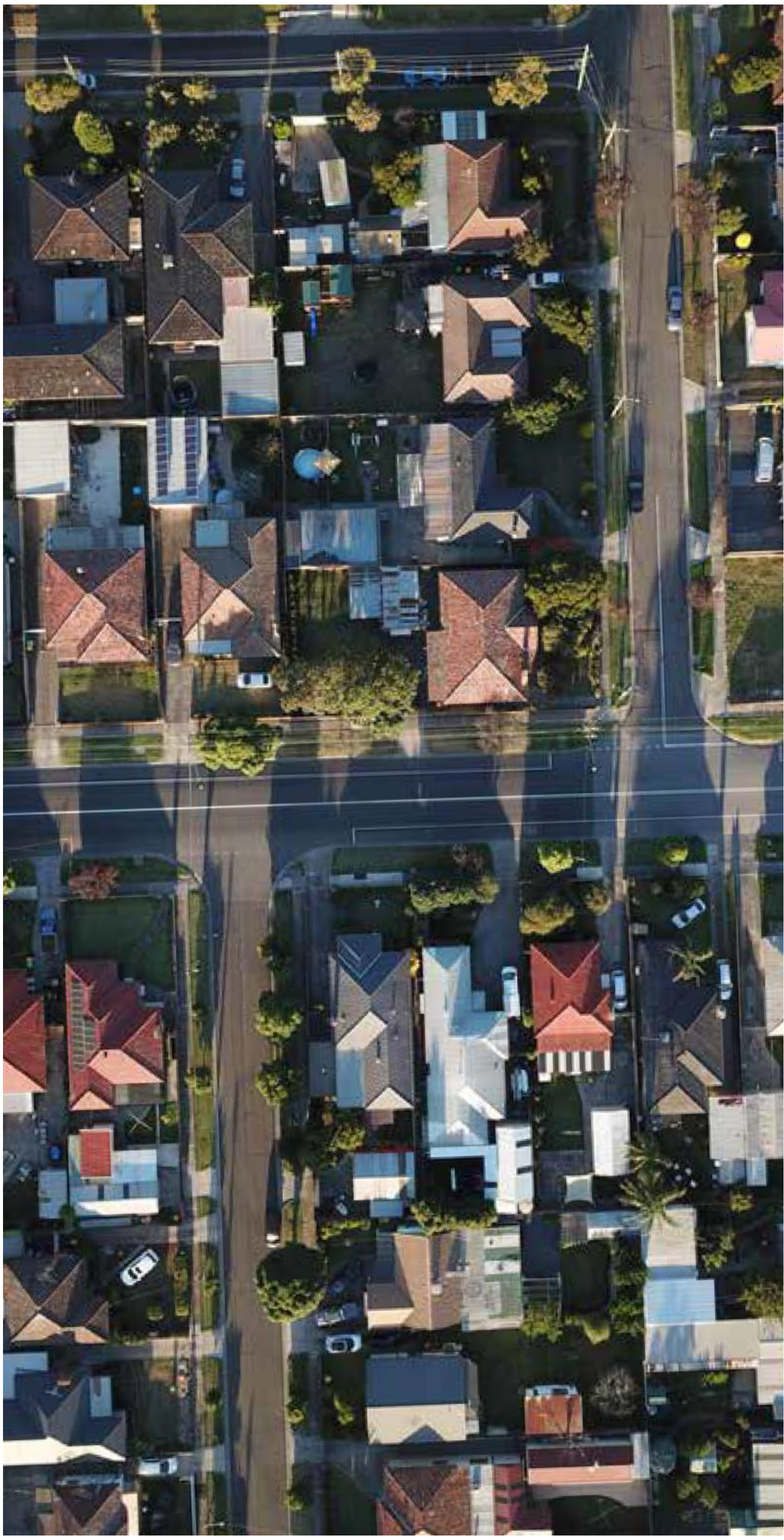
of avg. annual household income

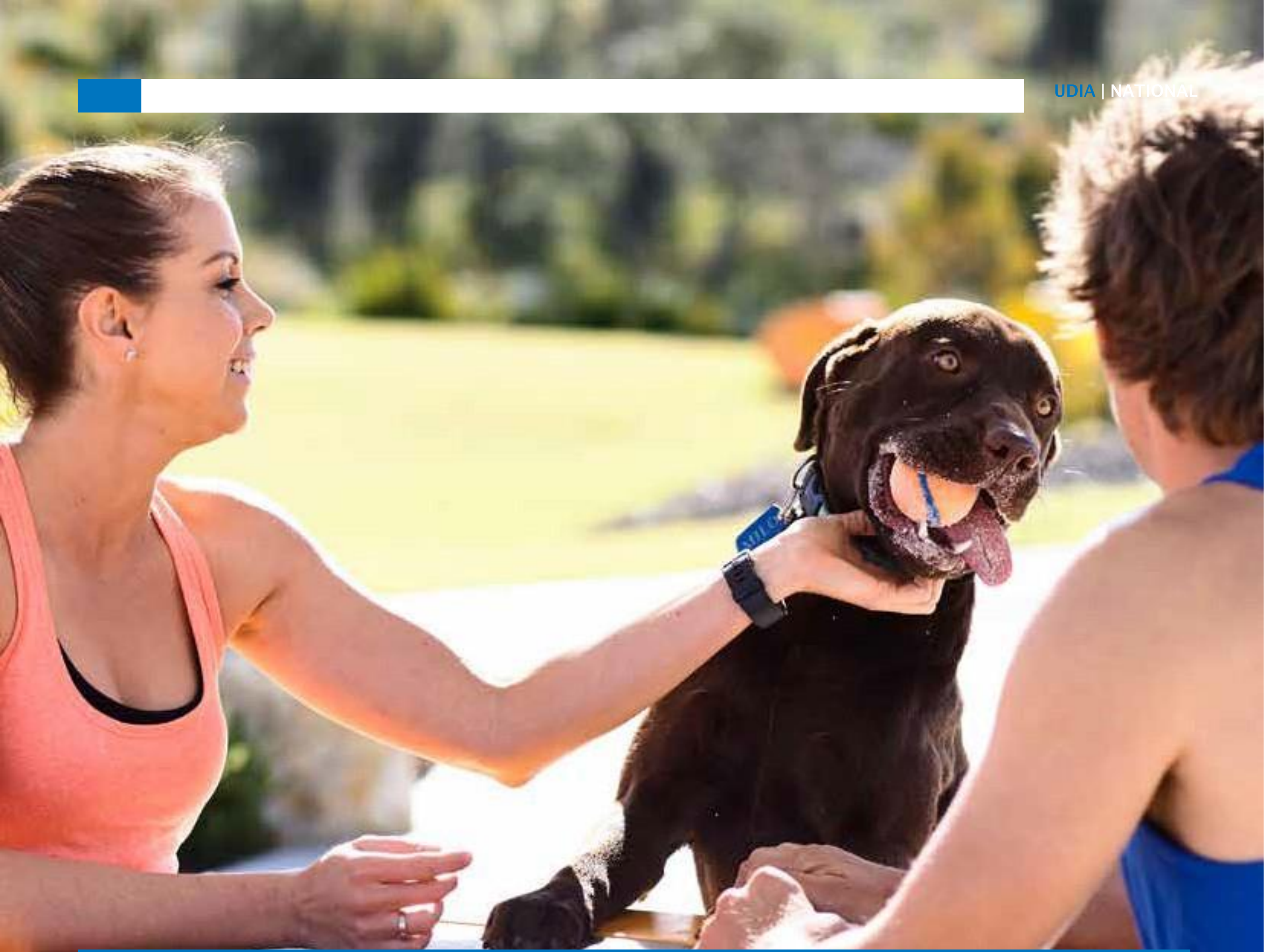
THE WORLD'S 'SEVERELY UNAFFORDABLE' HOUSING MARKETS LIST

2ND
Sydney

6TH
Melbourne

Australia's five major capitals are all in the top 20 of the world's 'severely unaffordable' housing markets. Sydney is second only to Hong Kong.





HOUSING AFFORDABILITY – THE CHALLENGES AND THE SOLUTION

Government costs, from taxes and charges to planning restrictions, delays and a shortage of serviced land, are the root cause of the increase in housing costs across our capitals.

A generation of Australians is being locked out of home ownership and the ultimate bill will be borne by the Commonwealth, as these Australians reach retirement without owning their own home; requiring financial support throughout a long retirement. The broader social implications are likely even more profound, as Australians miss out on economic security, family and community connection, and sense of prosperity that comes with home ownership.

Through a national membership of more than 2,100 development-related companies connected to tens of thousands of home buyers, UDIA has a clear view of the problems and solutions.

A big part of the solution is to affordably increase the supply of new housing in all forms. Australia has an abundance of land, enormous potential for urban redevelopment, and the capital and capacity to deliver the full spectrum of housing choice – from entry-level apartments to detached homes, from affordable retirement options to innercity living.

As well as an increasing anti-development culture, Australia has some of the most restrictive and time-consuming planning rules and processes in the world. Rather than reform and streamline the system, our governments and councils are often focused on finding new ways to extract ever more cash from the system. The property sector contributed $87.9 billion in tax revenues and local government rates, fees, and charges in 2015-16. This equates to 18.2% of total taxes, fees, and charges.

Compounding the crisis, responsibility for the planning and delivery of new development falls to local councils that at times lack the expertise, the incentive, and motivation to deliver. This results in the denial of access for future generations to housing by severely restricting, frustrating or banning, development – hence restricting supply at a local level.

Finally, federal and state government "affordability" initiatives are often only targeted at the demand side of the problem. First home buyer grants, stamp duty incentives, and even first home saver accounts don't fully address the underlying problem. Structural problems can only be solved by focusing initiatives more broadly including on supply.

1. GET POPULATION SETTINGS RIGHT

Australia's success as a modern nation has been delivered by accelerated population growth, based largely on immigration. Historically, immigrants populated cities, assimilated into Australian culture, worked hard, and drove the economic growth on which our world leading prosperity is now based. The undisputed reality is matched by the statistics:

30%+ of Australians today were born overseas and almost 50% have at least one overseas-born parent.

85%+ of Australians live in urban areas with nearly 70% in the capital cities, making Australia one of the most urbanised countries in the world.

Australia remains one of the **least densely populated countries in the world** with about three people per square kilometre of land.

Over the past decade, Australia's population growth has been twice the OECD average, in line with increases in net overseas migration. With around nine in ten migrants settling in urban areas, Infrastructure Australia has projected that growth in our capital cities alone, between 2011-2031, will be approximately 6.4 million people. This is equivalent to a brand new city of the size of Melbourne and Brisbane combined.

Australian concerns about population growth are generally based on perceived reductions in the overall quality of life – city congestion, reduced employment opportunities, and air quality through to increasingly unaffordable housing, especially along Australia's eastern seaboard.

Yet federal treasury analysis shows that a significant portion of Australia's economic growth is built on immigration. The migrant intake from 2014-15 alone provides a predicted $10 billion boost to the economy over the next five decades – migrants boost the economy by up to one percent a year. The report also indicates that migrants who have arrived since 1996 have performed better in the workforce than the average Australian born employee.

As well as driving economic growth, immigration is also essential to mitigating the risks of a rapidly ageing population. In 2017, 15% of Australians were aged 65 and over. By 2057 it's projected there will be 8.8 million older people in Australia, or 22% of the population. The proportion of tax payers to non-tax payers in 2017 was about 5:1, by 2047 that's projected to fall to 2.4:1.

AGEING POPULATION

UDIA POSITION – GET POPULATION SETTINGS RIGHT

- Establish regular short/medium/long-term population forecasts to better inform strategic land-use and infrastructure plans.
- Identify the base level of services expected for key elements of liveability to accommodate a larger population including housing affordability measures, transport, key infrastructure and the environment.
- Use data to inform a national strategic population plan that predicts infrastructure and housing requirements to accommodate population growth and delivers detailed, costed infrastructure and land release plans, including delivery timeframes.
- Examine options for settlement planning to ensure the benefits of population growth are more evenly distributed across Australia.

"By balancing the needs of the economy, the environment and the Australian community, UDIA believes a larger Australian population can also be a 'sustainable' population. Australia's population policy should balance these issues, to ensure a prosperous economy with a high quality of life, whilst maintaining social cohesion and environmental protection."

2. DELIVER URBAN INFRASTRUCTURE

BACKGROUND

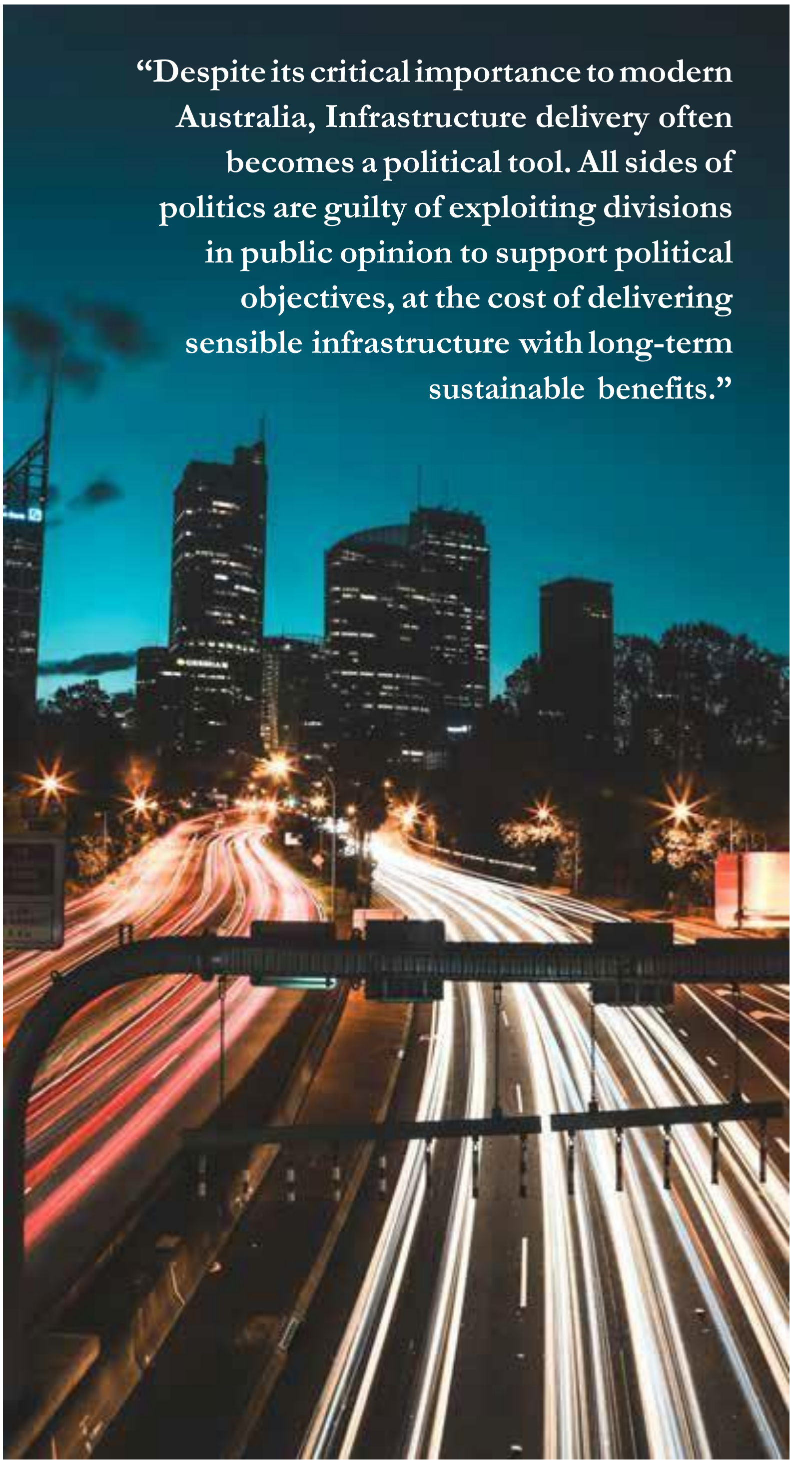
Infrastructure is the backbone of our economic success and fundamental to underpinning our high standard of living into the future. The productive capacity of our mining, agricultural, and service sectors is delivered through infrastructure; but the productive capacity of our cities is often poorly served - at great economic and social cost.

The provision of key urban infrastructure has failed to keep up with strong population growth in our cities, resulting in growing traffic and public transport congestion, flagging productivity, and housing shortages putting the quality of life in our major urban areas at risk.

An additional problem specific to urban development is the growing trend among governments to charge developers for infrastructure 'up front' (or even retrospectively) through levies and charges. These poorly disguised taxes, which flow through to new home buyers, are making homes increasingly unaffordable – ultimately restricting supply as projects become less feasible to deliver. The shift has been justified on a 'user pays' basis, but the reality is new home buyers are effectively subsidising works that benefit the wider community, resulting in inter-generational inequality.

UDIA POSITION – DELIVER URBAN INFRASTRUCTURE

- Introduce an "Infrastructure Accord" to remove partisan politics and deliver long term certainty in planning and delivery
- Invest in quality urban infrastructure aligning investment to future growth corridors to meet stated housing targets.
- Use a range of measures to broaden the funding base to protect struggling home buyers from extra charges such as developer fees, charges and levies.
- Identify and secure long-term infrastructure corridors.
- Provide financial incentives to the states to fund key infrastructure and unlock new housing supply.



3. BOOST HOUSING SUPPLY AND DIVERSITY

BACKGROUND

Housing supply is integral to realising the Australian dream of home ownership.

The rate of housing supply increase in the Australian market is heavily constrained by available land supply, restrictive planning regimes and finance availability within the market.

The impact of restricted supply falls on young Australians with high prices and a difficulty obtaining credit, causing key barriers to enter the housing market

Government costs, from taxes and charges to planning restrictions and phantom land shortages (Australia has an abundance of land) are the root cause of the dramatic increase in the cost of housing in our capitals. In the past 20 years the cost of land has exploded.

A key element to counteract the affordability crisis currently being faced is to increase the supply of new housing in all its forms and maintain a consistent approach to supply over a longer-term period.

Australia has an abundance of land, enormous potential for urban redevelopment, and the capital and capacity to deliver the full range of housing choice to the market.

Too often state and, in particular, local government planning controls restrict much needed housing diversity to suit consumer lifestyle and affordability needs.

UDIA POSITION – BOOST HOUSING SUPPLY AND DIVERSITY

- Establish clear state quotas for new homes / land supply based on national population and settlement planning data and strategies.
- Implement a financial incentives scheme linking federal funding to state government performance on planning system reform and meeting housing supply targets.
- Identify obstructions that seek to preserve current amenity at the cost of locking out future generations.
- Review state-by-state and local government-by-local government efficiencies and costs of planning regimes; identify unnecessary blockages in red and green tape, and regulatory charges.
- Re-establish the National Housing Supply Council to oversee the efficiency and velocity of new supply.
- Incentive state and local governments to promote and deliver greater housing diversity to meet changing consumer lifestyle and affordability needs.

4. REFORM TAXES AND CHARGES

BACKGROUND

An increasing government addiction to property taxes across Australia is compounding Australia's housing affordability crisis. Housing and development is one of the most highly taxed sectors in the Australian economy.

The property sector contributed $87.9 billion in tax revenues, and local government rates, fees, and charges in 2015-16. This equates to 18.2% of total taxes, fees, and charges collected by Government.

Stamp duty has long been identified as one of Australia's most inequitable and least efficient taxes. The removal of stamp duties was one of the original intentions of Australia's Goods and Services Tax (GST) reform introduced in July 2000. However, the ultimate exclusion of a range of goods and services from the GST, reduced the revenue to the point that the removal of stamp duty was indefinitely deferred. Reliance on stamp duty has since grown unabated.

While maintaining this dependence, governments and councils have found creative ways of extracting more tax from new home buyers. 'Developer charges', 'infrastructure levies', and 'value capture', are just new taxes that too often hit people at the most difficult financial time in their lives – as they struggle to buy their first home. At times the taxes are so high, projects are made unviable; further restricting supply and driving prices up.

In greenfield areas, the current tax regime especially penalises new home buyers who bear the brunt of the unsustainable tax burden – an intergenerational tax penalising those who in many instances, are least capable of ever being able to afford a new home.

Taxes and government charges make the great Australian dream of home ownership less attainable. Governments at all levels are a big part of the problem so they must lead the solution. The role of the Commonwealth needs to be two-fold: act on federal taxes and support the states and territories with tax reform.

UDIA acknowledges that taxes are essential to fund the services on which our communities depend, but inefficient and inequitable taxes can restrict economic activity and disadvantage certain sectors of the economy – including new home buyers. The tax burden must be shared equitably across the community to ensure governments can maintain the services we expect without harming economic activity.

"Stamp duty has long been identified as one of Australia's most inequitable and least efficient taxes."

> "Any policy proposal to increase capital gains tax and prevent the use of negative gearing in existing property risks the stability of already-softening housing markets"

NEGATIVE GEARING AND CAPITAL GAINS TAX

Current settings in negative gearing and capital gains tax have allowed generations of average Australians to build wealth and prosperity, through small-scale investments in the property industry. Australian Tax Office data shows 73% of individuals with an investment property owned just one property, 19% owned two, and only 1% owned six or more. The current tax settings have helped 'mums and dads' build wealth and their future independence whilst expanding the rental market and delivering significant diversity in both housing stock, tenure choice, and location.

'Negative gearing' is not specific to property investment. It occurs when the costs of an investment are greater than the income and these losses can be deducted against other income, for example in a geared share portfolio. The experience of Australia's 1.3 million small-scale property investors is this effectively subsidies lower rentals, as the general objective of most investors is to hold the property long enough to realise a capital gain, rather than create an income based on rent.

Proposals that seek to increase capital gains tax and limit the use of negative gearing in established property to reduce housing prices by reducing demand from investors are flawed on several grounds:

- They ignore the benefit to the economy and community of encouraging small-scale property investment, from wealth creation to jobs and income for associated industries, from property managers to mortgage brokers.
- They assume house prices are demand driven. Industry experience is that this is generally not the case. It's the scarcity of supply, combined with demand, that traditionally has had most impact on housing prices.
- It ignores the impact on renters (about 30% of the population). Removing the capacity to deduct losses will require investment property owners to either increase the income or sell the property. Either option results in increased rents. Further, by making negative gearing available only to new homes, renters will be increasingly forced into large-scale institutional arrangements (where scale allows positive margins) either in urban infill or on the urban fringe in greenfield developments.
- Given the importance of the development industry to Australia's economy, and the life changing potential of property investments to everyday Australians, the income gained through this tax increase is likely to be quickly overtaken by the losses to the overall economy.

GST

Australia's goods and services tax is an efficient and broadly equitable tax. It's also typically the largest single tax applied to new housing.

UDIA advocates for the broadening of the GST base to capture more revenue. Even with the inclusion of significant compensation for lower income households, the reform could substantially lift revenues and deliver the states and territories the income required to start reducing, and ultimately eradicating, inefficient taxes such as stamp duty.

UDIA does not advocate for an increase in the percentage rate of the GST as this would add to the cost of housing, thereby exacerbating the housing affordability crisis.

UDIA POSITION – REFORM TAXES AND CHARGES

- Use a range of measures to broaden the overall taxation funding base to protect struggling home buyers from bearing the burden of additional fees and charges
- Maintain capital gains and negative gearing settings as they are - at least until the potential impacts of any proposed changes are fully understood.
- Support the states and territories with tax reform – including reducing the unsustainable levels of tax on new property.
- Incentivise states and territories to transition away from stamp duties.
- Be strict in cost benefit and regulatory impact analysis on new processes and charges. Continue to streamline federal and state environmental assessment and approval systems.
- Critically evaluate every dollar that's added to the cost of a new home.
- Re-assess the impacts of taxation policy currently imposed on foreign buyers

HOUSING AFFORDABILITY – BUILD TO RENT

Build to Rent (B2R) is in its infancy in Australia but is already a major asset class in the US and Europe and rapidly expanding in the UK. The UK has around 200,000 units under management worth £27.7bn in 2017. The asset class delivers lower yields but is attractive for its long-term stability and consistency.

B2R in the UK describes renters as 'residents' rather than tenants. It promises design and operational features that deliver 'high degrees of amenity' focused around professional community management and service. The promise is for high quality rental properties that compete for reliable long-term renters.

It requires scale to drive efficiencies, generally requiring a minimum 100 units to deliver the required levels of amenity including 'on site' customer service.

The UK example shows that, once a commercially viable framework is in place, the asset class can grow; quickly attracting large scale funding from institutional investors.

An exposure draft released by Treasury on 27 July 2018 effectively opens the door to B2R in Australia. The draft legislation promotes investment in affordable housing, especially for low to moderate income earners, offering access to concessional Managed Investment Trust (MIT) rates.

National rental vacancy rates remain steady at 2.1% indicating there is sufficient demand to absorb more rental property without significantly impacting small investors. There is room in the market for institutional investors as well as "mum and dad" investors who have delivered significant growth and prosperity to Australia for generations.

UDIA POSITION – BUILD TO RENT

Build to Rent has potential to boost the supply and therefore reduce rental increases in the Australian market. UDIA supports policy that advances the development of the asset class.

5. IMPROVE CLARITY AND CERTAINTY

BACKGROUND

All industries require clarity and the development industry is no different.

Government decision making has direct impacts on the development industry and there needs to be ongoing conversations and debates as to the impacts of changes of legislation, regulation and policy.

Currently there exists layers of development approvals needed at the federal, state and local levels, creating uncertainty, cost imposts and time delays. This is most evident in environmental approvals required for urban development.

In addition, it is incumbent and beneficial to have a national focus in areas of urban policy and planning, affordability and building codes.

State governments adopting a siloed approach to these matters is leading to a multitude of different approaches across borders on important planning and urban development issues.

UDIA POSITION – IMPROVE CLARITY AND CERTAINTY

- Identify global best practice in urban planning and support the states in delivery.
- Develop a National Affordable Housing Strategy, including relaunching and expanding the National Rental Affordability Scheme.
- Advance the methodology, budgetary support, and delivery of City Deals.
- Advance the National Cities Performance Framework.
- Include league tables on comparative state performances in the areas of housing supply, infrastructure delivery and efficiencies in planning and approval regimes.
- Full strategic assessment of environmental planning processes at federal, state and local government levels to provide clarity and certainty for future urban development
- Review any proposed Building Act changes to critically assess any impacts on housing affordability.

6. FUTURE PROOF OUR CITIES

BACKGROUND

UDIA takes a broad and optimistic view of the concept and promise of our cities.

Australian cities top the world in global liveability indexes. The ongoing capacity of Australian cities to attract local populations, immigration, and tourism is further proof that Australian cities remain an attractive destination.

Home to most of the population and the source of more than 80 per cent of GDP generation, Australia's major cities are critical to the prosperity of the Australian economy, and the quality of life of most Australians.

But urban congestion, failing infrastructure, and lack of affordable housing have significant potential to impact the productivity and liveability of our cities.

All of Australia's major cities are in the top 20 global severely unaffordable housing markets. All struggle today with varying levels of congestion with the two largest cities, Sydney and Melbourne, most critically affected.

The increasing national importance of our cities has been reflected in a welcome increase in leadership and focus from federal governments.

Leadership is essential, as maintaining Australia's world leading status for liveability demands effective partnerships with the community, industry, and all levels of government. This demands land on which to build, planning that embraces innovation, communities that support and champion quality development, and governments that recognise and reward excellence in development.

UDIA POSITION – FUTURE PROOF OUR CITIES

Ensure current and successive federal governments incorporate a 'Cities Ministry' within Inner Cabinet leading the key issues of cities, urban infrastructure and population.

Urban Development Institute of Australia

NATIONAL