

Media Release



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A Better Way A Better Way to Fund Urban Infrastructure

The Urban Development Institute of Australia (UDIA NSW) today launched a report entitled 'A Better Way.' The report proposes a state infrastructure funding alternative using GST to directly finance services in support of new communities.

UDIA NSW President Mr Ross Blancato, said at a breakfast with the NSW Treasurer, The Hon. Michael Costa MLC this morning that, "the development industry supports the Treasurer's efforts to create a more equitable distribution of the GST. The UDIA NSW paper though goes further seeking to use the GST to directly invest in Sydney's future."

Mr Blancato said "that returning the GST revenue to facilitate the activity which generates the tax is a transparent and equitable method of financing infrastructure. This substantial contribution will both service the new growth and deliver significant benefits to the metropolitan region, its people and economy."

"Sydney's Growth Centres the forecast expenditure on state infrastructure is \$7.8 billion over 25 years. Target dwelling production in the Growth Centres is 160,000 dwellings over the same period. The average complete house and land package of \$500,000 will therefore generate \$50,000 in GST. Multiplied by 160,000 new dwellings in the Growth Centres this equates to GST revenue of \$8.0 billion, more than sufficient to cover the state infrastructure costs."

Supporting the argument for a better way to finance infrastructure was a development feasibility model prepared by UDIA NSW which demonstrates that under the present market conditions, urban development on Sydney's fringe is often not financially feasible.

A financially viable outcome in today's market only becomes available when:

- i. vendors' expectations approach the rural value for land; or
- ii. the State Infrastructure levy is removed.

Mr Blancato said that "the only way in which this scenario will change is if the sale price of residential lots increases. This though is not forecast to occur in the short to mid term and would have consequences for a market with existing challenges to housing affordability."

"UDIA NSW seeks cooperation between the Federal and State Government to allocate the GST in a more transparent and equitable manner to create affordable communities. UDIA NSW's proposal is simply 'A Better Way.'"

A copy of the report is available for download at www.udia-nsw.com.au.

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