

Media Release



11 March 2008

RECIPROCAL ACTION

“Newton’s Third Law states that for every action there is an equal and opposite reaction. The NSW Government today is testament to these laws of physics. For every effort by the Minister for Planning to address sustainability or improve housing affordability, there is an equal and the opposite reaction from another Minister’s office,” said Mr. Scott Woodcock, Executive Director of Urban Development Institute of Australia NSW (UDIA NSW).

“The Minister for Planning delivered BASIX, which mandates that every new dwelling save 40% more water than the average existing home. New homebuyers pay \$10,000-\$15,000 in purchasing demand management devices such as water tanks which defer capital investment in new water sources by utilities such as Sydney Water saving them money.”

“Yet, rather than provide relief to the homebuyer through a rebate, Sydney Water on behalf of its sole shareholder, the NSW Government, perceives such exceptional water savings as lost income and has raised its connection charges to \$20,000. UDIA NSW has revealed that for an extra \$20.00 per household per year the NSW Government could dramatically improve housing affordability in NSW. Just \$20.00 per household per year would save first homebuyers \$20,000. New homebuyers have already contributed enough and should not be made to pay more.”

Mr. Woodcock said that, “this problem is emblematic of the NSW Government’s present conflicting approach to urban development. The Minister for Planning’s metropolitan strategy calls for urban consolidation around railway stations. Cityrail responded by reducing services. The Director-General of the Ministry of Transport, in February complained that a surge in demand for public transport last year was the core of Cityrail’s transport chaos¹. Cityrail would have to be the first organisation in history to complain about too many people wanting to purchase their product.”

“Finally, the Minister for Planning has expedited the release of land in Sydney’s Growth Centres to alleviate the housing affordability crisis. The Premier responded by committing to levy reductions but simultaneously required a 25% forward payment on all infrastructure charges years in advance of delivery. This single action has severely compromised cash flows and will dramatically undermine any intent to increase supply and improve housing affordability.”

Mr. Woodcock estimated that “new homebuyers already pay on average \$23,000 in state infrastructure levies, \$26,000 to the local government, \$20,000 in stamp duty, and \$50,000 in GST. UDIA NSW today called on the Premier and the NSW Coordinator General to coordinate a consistent, sensible response and finally address the growing affordability crisis. The NSW Government could save new homebuyers \$20,000 today.”

“NSW homebuyers can neither afford resistance nor inertia. Progress demands adherence to Newton’s second law. The NSW economy demands a little acceleration in the right direction.”

A copy of UDIA NSW’s submission can be downloaded from www.udia-nsw.com.au - click on Information Booth, then ‘Reports and Submissions’.

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¹ SMH (2008) February 15, 2008