

27th April 2021

### COMMSEC Report a wake-up call for NSW

The NSW economy is lagging. NSW is ranked 7th by CommSec (only the Northern Territory is behind NSW).

While NSW is ranked 3rd on construction activity, it is 7th on new building starts. **On economic growth, NSW is ranked last** – along with Victoria (where they suffered a much more draconian and extended lockdown). This is a real problem.

The NSW Government oversaw a slowdown of planning approvals well before COVID-19. The construction work that is happening now is the result of approvals given in 2017-2018. The planning system ground to a halt at the end of 2019 and stayed there in 2020. That is why NSW is ranked last in terms of the states on new building starts. That is bad news for NSW. The property development and construction industry represents 10% of the NSW economy.

The NSW economy represents about one third of the economy of all of Australia. If NSW is struggling, the Australia struggles.

There has been a plethora of welcome announcements relating to reform of the planning system throughout COVID-19. But the data does not lie. Announcements do not represent reform or improvement.

Housing prices are rising rapidly, not just in Sydney, but even this has not seen any strong push for Councils to approve more new homes faster.

The theory was: the Greater Sydney Commission would independently set the targets after consultation with Councils, based on a realistic and reasonable assessment of each Council's Local Strategic Planning Statement. This would be balanced by the GSC across the Districts of Greater Sydney to ensure there would be enough new homes to meet demand. If Councils did not respond, the Minister, we were assured, would step in.

That was before Ku-ring-gai Council flagrantly rejected the GSC housing targets, soon followed by Ryde, Hornsby, Waverley and Willoughby Councils.

The Minister has not "stepped in" (almost certainly because of pending Council elections in September this year). Councils have not sped up their processes. Approval numbers remain low. New home prices are rising. Tax incentives have created demand stimulus – but there has been very little to assist with the supply of new homes.

NSW has suffered most from the cut off to immigration – **with population growth in this State being the lowest in the nation**. Taking a pro-active (but COVID safe) approach to restoring temporary and skilled migration numbers as soon as possible is critical to economic recovery.

Urban Taskforce Australia urges swift action from State and Commonwealth parliaments:

- Take urgent steps to boost housing supply across NSW and Australia
- Target tax incentives at the delivery (supply) of new housing
- Restore immigration numbers (safely) to boost economic growth in NSW and across Australia.

The comments above can be attributed to Tom Forrest, CEO, Urban Taskforce.

The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.