

MEDIA RELEASE

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Federal Budget 2024 – Commonwealth recognises the key role it needs to play solving Australia’s housing supply crisis

Urban Taskforce Australia CEO Tom Forrest tonight welcomed a significant step forward by the Albanese Government in recognising that privately delivered, market housing needs more support if there is any chance of achieving the 1.2 million new homes under the National Housing Accord.

\$1 billion for new housing enabling infrastructure – available to states this year

The \$1 billion Priority Works Stream infrastructure funding for the States to provide critical infrastructure such as roads and water was a “Eureka moment”. The Commonwealth has finally acknowledged that infrastructure dollars to stimulate housing supply were key to addressing the nation’s deteriorating housing supply crisis.

The good news is that the money is available straight away – in the 2024-25 financial year.

The big message for the States is they need to build on this by removing or reducing a range of state government taxes and levies on new housing in their budgets.

While the \$1 billion will be thinly stretched across the 8 States and Territories – it was an overdue acknowledgement by the Commonwealth that it has a role to play in housing and could be built upon over time.

This money needs to be allocated strategically to ensure best bang for buck. Spreading it too far will dilute its impact.

\$2.3 billion Western Sydney Infrastructure funding

The Urban Taskforce is on record welcoming the new allocation of \$2.3 billion for roads and transport infrastructure across Greater Western Sydney.

With the new Sydney airport opening in 2026, the funding is a serious investment to enable the private sector to deliver the new employment facilities that will deliver tens of thousands of new jobs and housing that can flow from this massive investment in Sydney’s west.

New Home Bonus – still a distant non-incentive

It is disappointing that the budget has not brought forward the entire \$3 billion “New Homes Bonus” announced in August last year. This could have been redesigned to provide infrastructure payments **upfront**.

State Governments that do the right thing in terms of planning and other housing reforms need to be incentivised to do so as they undertake reform. The New Homes Bonus is a distant, potential payment in mid-2029 for those that exceed their original Accord targets.

Just 7 weeks from the start of the National Housing Accord, tonight was the time to make this change. It is an opportunity missed.

Private Sector housing supply is the key

The private sector will need to deliver over 95% of the new housing needed across the nation in the Housing Accord period.

With interest rates, construction costs, construction company insolvencies, labour and skill shortages and the endless State/Local Government fees/taxes and levies on new housing, there are plenty of hurdles for the production of these new homes.

The investment in vocational education and training to support the construction sector is welcome, but it will take years to flow through the system. Skilled trades must be the priority for the immigration intake.

General Comment

Every dollar the Commonwealth invests in infrastructure is a dollar well spent – opening the way for new housing, boosting productivity and helping address the chronic housing shortage.

But more needs to be done – and the success of the National Housing Accord will depend on the provision of even more infrastructure dollars from the Commonwealth in future budgets.

The Federal Government, under the Coalition and Labor, has largely been missing in action for well over a decade when it comes to housing.

This budget is an acknowledgment by the Albanese Government that it cannot simply stand back and watch the States struggle to meet their targets.

After all, the Commonwealth initiated the Housing Accord and has skin in the game.

The Commonwealth needs to be a more active player in the housing space, while recognising that market housing is the key to solving the housing supply crisis. Social Housing is an expensive band-aid to deal with market failure. While currently necessary, it is market housing supply that will do the heavy lifting.

The Commonwealth has benefitted handsomely from the revenue from record high immigration, but the States bear most of the costs of infrastructure to support the new homes necessary to house newly arrived migrants. There is opportunity moving forward to grow the infrastructure funding pool.

Tonight's Budget is a solid contribution to social and affordable housing with an additional \$2.5 billion to support the government underwrite of the delivery of social housing combined with an additional \$1 billion for the Affordable Housing Bond Aggregator, increasing it from \$3 billion to \$4 billion.

However, Jim Chalmers has missed the chance to support the delivery of market housing by establishing a housing infrastructure investment fund that could support the delivery of all forms of housing – a blend of market, affordable and social housing.

end

The comments and analysis 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.*

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