

MEDIA RELEASE

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INFRASTRUCTURE CHARGES EXCESSIVE AND BURDEN HOMEBUYERS

A new report rightly identifies that inefficient and inequitable infrastructure charges are adding tens of thousands of dollars to the cost of new housing, according to the Urban Development Institute of Australia.

UDIA National – the nation’s peak body representing the property development industry – has welcomed the new analysis from the National Housing Finance and Investment Corporation (NHFIC) released today.

“The continued creep of infrastructure charges and levies is adding to the affordability woes facing homebuyers across Australia,” said UDIA National President, Simon Basheer.

“These taxes can comprise as much as 20 percent of the total cost of new housing and add as much as \$85,000 to the ‘sticker price’.

“Every single cent charged in infrastructure taxes, charges and levies gets baked into the final price paid by homebuyers and sits on top of the costs incurred via stamp duties and other taxes on property.

“What’s worse, there is evidence the complexity and inefficiency of the existing process is serving the system poorly, with delays in the delivery of essential infrastructure stalling the release of new housing.

“Major land releases across some of our capital cities are currently facing extended delays as state agencies and councils fail to put in place the enabling infrastructure needed to service them.

“We need a complete overhaul of infrastructure charging regimes to better share the costs between the homebuyer and broader community, and what should be funded from general revenue sources.

“A transparent system that better charts the calculation, collection and distribution of infrastructure charges is also essential to bring more accountability to the system.”

UDIA National has consistently called for the development and implementation of ‘leagues tables’ to hold states, territories and local governments to account for the performance of planning systems and the delivery of much needed supply to put downward pressure on pricing.

“Benchmarking the elements of planning systems – including infrastructure charges – and transparently reporting on their performance is critical if we’re going to fix housing supply,” said Mr Basheer.

“This is where the Commonwealth Government and NHFIC can take a leadership role, and then match it with an incentives-based system that prompts the states and territories to fix barriers to housing supply.”