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Australia's property industry
Creating for Generations

13 April 2021

NSW Treasury
52 Martin Place
SYDNEY NSW 2000
Email – budgetsubmissions@treasury.nsw.gov.au

Dear Treasurer

Property Council of Australia – NSW Pre Budget Submission 2021-22

The Property Council of Australia welcomes the opportunity to provide a pre-budget submission ahead of the 2021/22 State Budget.

In 2020 Australia suffered one of the biggest health and economic crisis of modern history. The swift and decisive action of the New South Wales Government, and their role in leadership at a national level has meant that we have managed to avoid many of the worst impacts of COVID-19. However, there has been a significant economic and financial cost to this action.

While NSW's economic recovery is showing strong signs of a positive trajectory, the economic road ahead remains very challenging. NSW will face many ongoing effects from the pandemic for some time to come.

While pandemic management continues to remain of vital importance, it is also important for policy makers to change gears and strengthen their focus on the measures needed to drive economic growth. The Property Council strongly supports the Treasurer's efforts on this front to date. This submission seeks to capture the learnings and good decisions made during the pandemic, locking them in for future success. It also calls on the State Government of NSW to go further in supporting economic growth through the following areas:

1. Planning reform to deliver housing
2. Investing in the infrastructure pipeline
3. Focus on growth and rebuilding post-COVID
4. Place people first
5. Tax reform
6. Show leadership to encourage sustainability

Should you have any questions please contact Lauren Conceicao, NSW Deputy Executive Director on lconceicao@propertycouncil.com.au or 0499 774 356.

Yours sincerely

Jane Fitzgerald
NSW Executive Director
Property Council of Australia

Submission to NSW Treasury

NSW Pre-Budget Submission

13 April 2021

Now is the time to turn good intent in to action

Introduction

Without any doubt, the NSW Government has been a standout performer on a global scale in its handling of the COVID-19 pandemic and the economy of the state reflects this performance. Now is the time to harness the momentum in change, growth and flexibility that the pandemic has provided, and put the accelerator on good growth across the State.

The Property Council of Australia is calling on the NSW Government to keep going when it comes to planning reform, tax reform and streamlining the regulatory framework to provide the housing, jobs and development needed to continue the NSW economy's recovery from the COVID-19 pandemic. This budget also provides the opportunity to 'lock in' the productivity gains and forward-thinking programs implemented through the pandemic, taking forward the learnings and opportunities.

The need for significant reform to planning and tax frameworks were once again highlighted by the Productivity Commissioner towards the end of 2020. The recommendations in the Productivity Commissioner's Green Paper and Review of Infrastructure Contributions should be accepted and implemented to ensure that the State's job growth continues and the economy continues to recover. We acknowledge the work of the Department of Planning and Industry and Environment (DPIE) in actively progressing many of these recommendations and commit to continuing to support this work.

Despite the significant reform to the way DPIE functions, delays in planning approvals, uncertainty around planning regulations and costs still impede development, especially housing. Implementation of the Strategic Plans finalised by the Greater Sydney Commission in 2018 is progressing very slowly with many local councils reluctant to make the changes needed to give effect to the plans again, especially for housing.

Improvements to the planning system, such as the Planning Delivery Unit and the Planning System Acceleration Program, intended to cut through red tape are welcome. However, bottlenecks between state and local governments and uncertainty regarding implementing strategic plans is preventing the housing being built that our state so desperately needs. Planning for job growth in our employment precincts, particularly in our CBDs and the region's economic corridors – vital to attract the international jobs and investment Sydney is well positioned to capture, has been slowed in the hands of local councils and their planners.

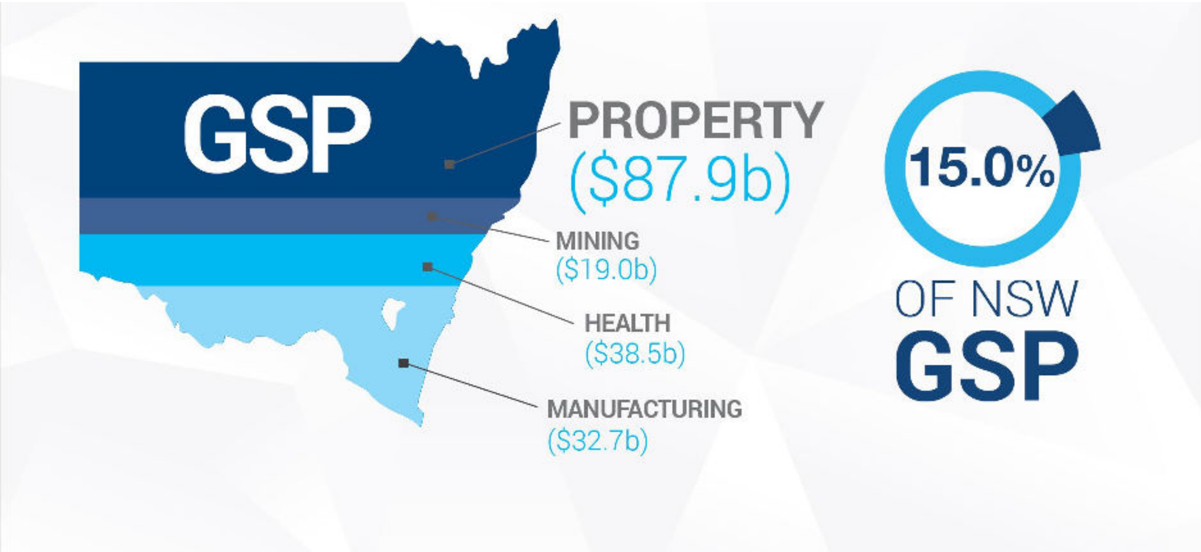
The Property Industry employs our people

In NSW, 1 in 4 people draw their wage directly from property. The Property Industry is the largest single industry contributor paying 54.1% of all New South Wales taxes. The property industry underpins the health and prosperity of the NSW economy. The industry:

- generates over 390,000 jobs
- provides $25.4 billion in wages to workers and their families
- pays $20.9 billion in State taxes to the NSW Government – the State's single largest taxpayer[1]

[1] Source: AEC Group Economic Significance of the Property Industry to the Australian Economy report 2017

NEW SOUTH WALES' BIGGEST INDUSTRY
DIRECTLY ACCOUNTING FOR 15.0% OF
THE STATE'S ECONOMIC ACTIVITY



$22.3 BILLION IN TAXES

TO STATE AND LOCAL GOVERNMENTS IN NSW
PROPERTY IS THE LARGEST SINGLE INDUSTRY CONTRIBUTOR
PAYING 52.1% OF TOTAL STATE AND LOCAL GOVERNMENT TAXES AND RATES

Source: AEC Group Economic Significance of the Property Industry to the Australian Economy report 2020

Post Covid-19 Recovery

Job creation following job losses after COVID

The COVID-19 pandemic has had a major impact on the NSW economy and considerable uncertainty about the future remains. There are signs of improvement and a rebound in some sectors of the State's economy which are positive but several sectors remain weak including tourism and education.

We understand that since the beginning of the year more than 80% of jobs lost during the pandemic have been recovered. Despite this, further, targeted support is needed to continue the recovery of jobs lost during the crisis.

The NSW economy has had two strong quarters of growth but we are behind where we were are the start of the pandemic. It is important that the State's reform agenda is accelerated to drive jobs and productivity gains.

1.0 Planning Reform to deliver housing

1.1 Support housing supply through expedited planning reform

COVID-19 has had a significant impact upon Sydney and the disruptive effects on immigration, international student arrivals and interstate migration are not yet fully understood. Despite this, according to the Greater Sydney Commission, Greater Sydney needs to produce about 38,000 additional dwellings every year to keep pace with long-term population growth.

The housing supply estimates released in January indicated that production over the next five years will only be just over 30,000 annually. This deficit is significant and when considered in light of the other factors at play – low interest rates, strong demand, record auction clearance rates to name a few – means we are already well into the next housing unaffordability crisis. It is imperative that steps are taken to boost supply of the right types of housing in the right locations as quickly as possible.

During 2019 and 2020 the State Government announced a comprehensive suite of planning system reforms aimed at reducing time delays and costs associated with development, including establishing a planning fast-track and the Planning Delivery Unit following significant advocacy from the Property Council. Despite this, on the ground delays remain – and they are still significant.

Further action needs to be taken to remove the bottleneck between the Department for Planning, Innovation and Enterprise (DPIE) and local councils to allow for a faster assessment and turnaround of planning proposals and rezoning.

Recommendations to ramp up housing supply:

1 Urgently finalise outstanding local housing strategies and ensure they are capable of meeting the housing targets set by the Greater Sydney Commission.
2 Full delivery of the Housing Diversity SEPP in a manner that maximises opportunities for new and diverse types housing.
3 Integration of the Seniors SEPP into the new Diversity Housing SEPP and restore provisions to maximise the supply of appropriate seniors housing into the future.
4 Overturn the "Metropolis that Works" policy that prohibits the rezoning of industrial land in accordance with the recommendations from the Productivity Commissioner to unlock housing supply in the Eastern City.
5 Urgently finalise the appeal to the Land and Environment Court to ensure that planning proposals for housing that are consistent with local and district strategic plans can proceed in a timely manner.
6 Empower the Secretary of the Department of Planning, Industry and the Environment to use his 'step in' powers in the meantime to ensure worthy projects are not stymied by development adverse local councils.

7 Remove the foreign investor surcharge urgently to shore up investment in housing projects in the build to sell and build to rent markets.
8 Prioritise progressing the recommendations from the Productivity Commissioner on infrastructure contributions and ensure their implementation is appropriately funded and governed.

1.2 Address housing affordability and diversity

The housing affordability crisis corrupts the Australian dream of home ownership. It also impedes the basic need of access to shelter, with a growing crisis on our doorstep that requires strong and swift political action to rectify.

The Greater Sydney Commission housing targets within their 20-year strategic housing target (2016 – 2036) show a total of 725,000 houses, of a diverse nature, will need to be built within this 20-year block. This averages out at 36,250 houses per year. Even in the high growth forecast scenario for the State Governments housing supply forecast, this number is not obtained in any year in the 2021-2025 period. This indicates a projected year-on-year under supply of housing that is desperately needed.

	Financial Year					**Five Year Total**
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**	
High Growth Forecast Scenario	31,200	34,950	35,250	34,450	35,350	171,200
Central Base Case Forecast Scenario	30,400	31,050	31,700	30,050	31,350	154,550
Low Growth Forecast Scenario[1]	28,200	26,150	25,750	25,350	27,350	132,800

Source: NSW Department of Planning, Industry and Environment - Sydney housing supply forecast.[2]

Diversity, availability and affordability of housing is critical for Sydney. The recent changes to Build-to-Rent options are welcome, however greater flexibility in the locations for Build-to-Rent would speed up the realisation of this prospect and only time will tell as to whether the new provisions are capable of facilitating the innovation this sector needs to flourish.

As Sydney continues to grow our housing mix must evolve to meet the needs of the population. It is no longer the case that every Australian wants the 'Great Australian Dream' of a house on a large block.

Research amassed over many years suggests the new Great Australian Dream is one of housing choice. Diverse housing choices – whether that's apartment living, townhouses or free-standing dwellings – support affordability and density targets, and cater to the needs of renters, seniors, downsizers, students, as well as families.

Recommendations to boost housing supply:

9 Seek a bilateral 'Housing Deal' with the Commonwealth government to incentivise best practice planning system reforms that match housing supply with demand and reduce the cost of new housing.

[2] NSW Department of Planning, Industry and Environment – Sydney housing supply forecast. Updated 15 Feb 2021.

10 Seek a commitment from the Commonwealth government to change current withholding tax settings that currently unnecessarily disincentives the emergence of Build-to-Rent housing and the provision of affordable rental housing relative to other property asset classes.
11 Incentivise the private sector to create affordable housing for key workers and older people at risk of homelessness and do this at scale.
12 Inject funds into public housing to increase the supply of this desperately needed housing type.
13 Ensure that the recently finalised build-to-rent tax and planning settings are carried forward into any tax reform plan and keep them under constant review during the implementation phase to ensure they are meeting their goals.

1.3 Address affordable rental housing

Providing affordable housing is more than just home ownership, the flow on effects of supply are seen within the increasing cost of rental properties also. Housing affordability requires a dual approach to deliver real options for people across NSW.

To stimulate this, novel solutions should be applied. For example, the private sector could provide affordable rental housing at scale in return for a subsidy payment combined with a land tax incentive. In order for this to be viable, a subsidy payment and land tax reimbursement is a critical part of this solution.

This model could also be applied Government owned land.

The right subsidy would encourage mixed tenure and mixed income residents and would provide quality housing with better outcomes on cost and design, in convenient locations with better access to employment, amenity and public transport.

The NSW Government should examine the pilot project currently underway in Queensland.

Recommendations for affordable rental housing:

14 Government work with industry to develop an affordable rental housing subsidy model to assist with the housing affordability issues in NSW, with a suggested range of 20-40% subsidy for a suitable length of time, such as 15 years.

2.0 Investing in the infrastructure pipeline

2.1 Housing Acceleration Fund (HAF)

Since 2012, more than $1 billion has been invested towards infrastructure to help accelerate the delivery of new housing. Funded from the Restart NSW Fund, the HAF helps to deliver projects that improve the economic growth and productivity of NSW.

Each year the Government supports a range of infrastructure projects intended to unlock the development of new housing.

Recommendations for the Housing Acceleration Fund:

15 Current funding under the Housing Acceleration Fund program should be maintained.
16 A further round of projects under the Housing Acceleration Fund should be announced during the COVID recovery period.

2.2 Accelerated Infrastructure Fund (AIF)

The unprecedented $107.1 billion capital program over four years to 2023-24 responds to the challenges of drought, bushfires and COVID-19 with a focus on job creation and economic stimulus.[3]

The Accelerated Infrastructure Fund (AIF) was announced by the Minister for Planning and Public Spaces on 3 April 2020 as part of the Planning System Acceleration Program to cut red tape and fast-track planning processes to keep people in jobs and the construction industry moving throughout the COVID-19 crisis.[4]

The AIF provided $75.9 million to support the delivery of community infrastructure, including local roads, stormwater infrastructure and public open space projects to unlock plans for development of new homes and employment land. Funding for these projects were matched by each local council.

In order to provide certainty to the industry and avoid excessive local contributions, it is critical that this funding stream is continued in 2021-22.

Recommendation for the Accelerated Infrastructure Fund:

17 The Accelerated Infrastructure Fund should be extended though 2021-22.

2.3 Low-Cost Loans Initiative

A low-cost loans initiative has been established to assist councils with the partially funding interest paid on borrowings related to infrastructure. The initiative helps local councils to bring forward the delivery of infrastructure to enable housing supply such as roads and other utilities.

To date some $14 million has been allocated towards this initiative that has provided an opportunity for both metropolitan and regional councils to kick start infrastructure projects that support new housing.

Recommendation for the Low-Cost Loans Initiative:

18 The Budget should double the next round of funding allocated under the Low-Cost Loans Initiative to high growth areas across the State, particularly Western Sydney, Central Coast and the Illawarra.

2.4 Western Sydney, Aerotropolis and Western Parkland City

A significant announcement during 2020 was the establishment of the Western Parkland City Authority to replace the Western City and Aerotropolis Authority. The new body has the important responsibility for guiding the evolution of Western Sydney into a thriving place to live, work and play.

Among the Authority's tasks are the design and delivery of the Western Sydney Aerotropolis and supporting the growth of the Western Parkland City outlined under the Western Sydney City Deal.

The 2021-22 Budget should support the continued development of this City including the creation of liveable communities, strong employment growth and attractive places to visit and

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[3] NSW Government 2020-21 Budget – Budget Paper No. 3 – Infrastructure statement
[4] NSW Government – Accelerated Infrastructure Fund

relax. This should include provision of funds for enabling infrastructure, particularly green infrastructure and essential community facilities.

Recommendations for supporting Western Sydney, Aerotropolis and the Western Parkland City:

19 Ensure DPIE continues to prioritise major urban infrastructure (metro rail, motorways, mixed-mode transit and freight projects) that underpin urban productivity in its assessment processes and recommendations to governments.
20 Ensure the Government commits to the next generation of city shaping infrastructure projects in partnership with Commonwealth Government. This includes progressing the Castlereagh Connection in accordance with the priority given by Infrastructure Australia.
21 Connect regions to metropolitan centres with faster rail in line with the business cases that have been developed by the National Faster Rail Agency.
22 Seek commitment from the Commonwealth and prioritise the next phase of City Deals covering large and smaller cities with a focus on economic growth.

2.5 Supporting the construction sector to retain capacity

Whilst more stringent quarantine protocols have only been in place for a relatively short period of time, the impact on the construction pipeline has been significant. Private client work across all property sectors (excluding industrial and government projects) has almost completely disappeared.

Tens of billions of dollars of construction projects originating from institutional and non-institutional private clients that would otherwise be tendered in the market right now have been indefinitely deferred or cancelled.

There are clear reasons for the deferrals and cancellations, including the severe economic and employment impacts on the hospitality, tourism and retail. The uncertainty around the pace of recovery and return on investment means that the private sector is reluctant to commit to investment at this time; and bank and non-bank construction finance has been significantly curtailed.

The impact will not be felt immediately as the industry continues to deliver its existing workbook. However, an increasing number of existing projects will be completed over the next 3-6 months, thus exhausting the current pipeline of private sector projects, with the majority of the industry's workbook exhausted by the end of 2021.

The direct consequences of this can be summarized as follows:

- At a time where contractors are replenishing their workbooks, the private tender market has diminished.
- Past experience suggests it will take 18-24 months for the tender market to return to normal
- Increasingly from the last quarter of 2020 and during 2021, contractors and sub-contractors will be forced to downsize workforces as there will be no replacement projects for them to be deployed to
- The impact will be significant and Australia wide; and
- We will see a significant increase in insolvencies across an already fragile subcontractor and trade base.

Recommendations to support the construction sector to retain capacity until private sector construction re-emerges:

23 Continue to fast track and bring forward the existing State pipeline of building projects using the "Planning System Acceleration Program". Specifically built form construction projects such as schools, hospitals and other social infrastructure. We highlight this has already commenced with the release of Fast-Tracked Assessments: Tranche One for Major Projects and Planning Proposals.

2.6 Unlock "latent assets" owned by the NSW Government to deliver housing and employment outcomes

There are many underutilised government-owned sites with potential for redevelopment located across the State, including Sydney. Many of these may have played a significant role in the development of the city, and their social and built heritage value is being diminished on account of neglect and poor utilisation.

The public has little oversight of the totality of government assets, making public contribution to the discussion on potential uses or unsolicited proposals. For this reason, the Property Council is recommending that the government undertake an audit of all assets and publish the outcomes of this audit on a live website for public consumption.

In any urban renewal push, community buy-in is essential. The Property Council is recommending the government embark on a process which begins with invitations from members of the public to nominate sites in public ownership, which are not meeting their highest and best use, and to identify potential options for a higher land use into the future.

Recommendations:

24 The government embark on a process which begins with invitations from members of the public to nominate sites in public ownership, which are not meeting their highest and best use, and to identify potential options for a higher land use into the future.

3.0 Focus on growth and rebuilding post-COVID

3.1 Review temporary COVID-19 planning measures and consideration of permanent adoption

In 2020 a range of temporary planning measures were introduced by the Government in response to the COVID-19 pandemic. These measures were extended for 12 months in March this year. In 2022 they will be need to be extended or expire. The key measures that apply to the property industry include: deliveries to retail 24 hours a day; the use of retail premises 24 hours a day, including the removal of waste; constructions hour extensions, digital solutions for planning processes and deferral of local contributions payments until occupation certificate stage.[5]

Many of these measures have contributed to streamlining the planning system in NSW, an ongoing endeavour of the NSW Government and priority for the property industry. In light of this, the Property Council requests a review of these measures to assess the benefits of permanent implementation of measures that positively contribute to a streamlined planning system.

[5] NSW Government – temporary COVID-19 planning measures

Recommendation on the COVID temporary measures:

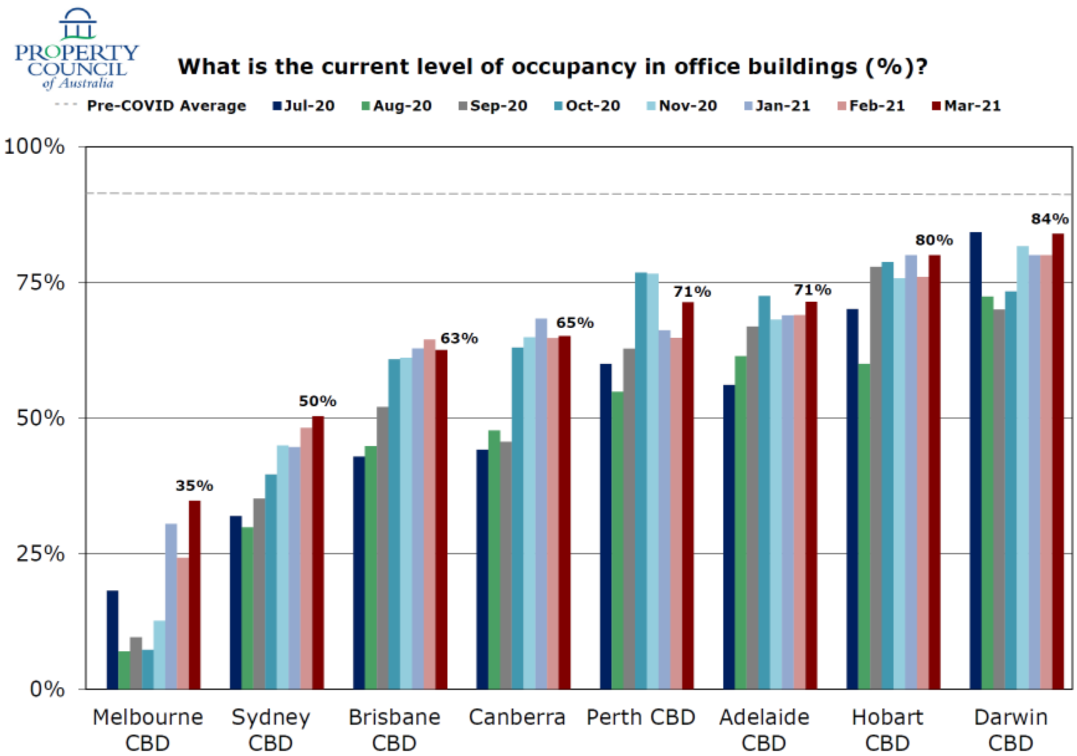
25 That the COVID-19 Temporary Planning Measures are considered for permanent implementation on the basis that they should be accepted in full unless there is a compelling reason to the contrary.

4.0 Place people first

4.1 Stimulation of Employment in the CBD

Australian cities need to host economies that will retain top talent, and for that they need jobs to be clustered with high amenity lifestyles in cities. These features can only be achieved through better infrastructure combined with land use reforms that increase intensity, mix, and proximity.[6]

The impacts of COVID-19 on the vibrancy on Sydney's CBD, and other CBDs across the state, are still being felt. Office occupancy remained below 50% in February 2021 down from almost 90% occupancy pre-pandemic. A concerted effort is required to reinvigorate the CBD's and encourage vibrancy.



Source: Property Council of Australia monthly office occupancy data, March 2021

[6] Property Council of Australia and Urbis 'Creating Great Australian Cities – instruments and imperatives' report, page 6

Signals from Government leaders are more important than ever to build confidence in reactivating our cities. We urge the NSW Government to:

- ensure consistent direction on attendance at workplaces, aligned with health advice,
- lead by example with Government staff returned to their workplaces a minimum of 3 days per week,
- continue strong, positive messaging from Government leaders encouraging a safe return to cities and workplaces, and
- have Government leaders to engage business leaders directly and encourage them to bring their staff back to COVID-safe workplaces.

Both short term stimulus focussed on behaviour change, and long-term adjustments are required to ensure our CBDs continue to support our economies. We urge the NSW Government to support CBD-based initiatives like “Fab Fridays” to entice people into the city during the week with free public transport, outdoor dining events and special events for arts and culture institutions and place-based activations.

For longer-term measures, the NSW Government should adopt the recommendations in the recent report by EY and the Property Council ‘Reimagining our economic powerhouses: How to turn CBDs into central experience districts’ by improving green and open spaces, establishing dedicated precincts for creativity, allowing more flexible business opening hours and incentivising high tech sustainable buildings.

Recommendations for supporting people:

26 Continue to support the reinvigoration of our CBDs through the return of State public servants to their workplaces and strong messages to corporate NSW and local governments.
27 Extend the CBD activation grants program[7], with a particular focus on CBD workers during the working week (in particular, on Mondays and Fridays).
28 Pilot free use of the light rail between Central and Circular Quay to encourage a full range of movement across the CBD.

4.2 Investment in arts and culture to drive CBD activation.

Australian cities are not just centres of business and commerce, they are centres of arts, entertainment and culture.

According to the recent report by EY and the Property Council[8] 63% of CBD users surveyed noted that CBDs are the best locations for arts and culture. Indeed, pre COVID museums, galleries etc. were the fourth highest activity that brought people into the city centre.

Cultural centres such as galleries and museums not only bring people into our cities they activate our night time economy, our after work activities and allow CBD users to stay in the city centre.

Reducing funding to galleries, museums and entertainment precincts reduces the ability for NSW to attract internationally acclaimed exhibitions which will be attracted to other cities such as Melbourne and Canberra. To reactivate the state’s largest contributor to state revenue it is not the time to reduce funding to cultural and arts activities.

[7] NSW Government ‘Funding to support Sydney CBD activations’
[8] EY and Property Council, 2021 ‘Reimagining our economic powerhouses: How to turn CBDs into central experience districts’

Recommendations for CBD activation through arts and cultural institutions:

29 Continue to support arts and cultural institutions by maintaining current funding levels to the sector.
30 Engage in further consultation with CBD users to determine any future funding levels in the 2022/2023 budget based upon visitor numbers and city activation.

4.3 Support population growth for NSW

The Lowy Institute attributes much of Australia's historical success to our proactive immigration policies, which have "assisted structural transitions in Australia's economy" and "produced positive effects in relation to fiscal impact, productivity and immigrants' employment and labour market outcomes".

Greater focus on attracting highly skilled immigrants, entering Australia on a permanent or temporary basis, has counterbalanced recent emigration trends

Immigration is critical to both demand and supply in the NSW economy. The NSW Government needs to strategically plan for a post-COVID push to attract skilled workers, students and families who will drive demand and stimulate economic growth – this will be no doubt in the face of competition from other countries.

The NSW Government must work with the Commonwealth Government to create a plan to safely restart migration in 2021 with international students first. Australia should rightly seek to press our advantage as a safe and attractive destination for students, businesses and travellers as an early mover. This should begin with international students and identifying criteria for business migration and leisure travel.

If the health advice being received by governments is that quarantining is likely to be required throughout 2021 and following the conclusion of our vaccination program, quarantine arrangements need urgent review, both through additional un-utilised hotel capacity and new purpose-built facilities. Such investment in upscaled arrangements would deliver a strong positive return to the NSW economy.

Failure to address these issues and will see NSW risk our competitiveness as a destination for investment, business and education migration. These dividends will surely move elsewhere as foreign vaccination programs pick up their pace throughout 2021 and other countries begin to open their own borders once more.

Case Study: Charles Darwin University was the first Australian university to welcome back international students in December 2020 in a pilot re-entry program delivered in collaboration with the Federal Government, which "will contribute more than $40,000 to the local economy each year". International students contributed $145 million to the Northern Territory economy in 2019 alone and supported more than 600 jobs.

Recommendations for supporting population growth in NSW:

31 Strengthen and expand quarantine processes and capacity and explore and implement fast track pre-testing, bio-secure vaccination evidencing and post-arrival measures in line with the recommendations of the Halton Review (National Review of Hotel Quarantine)[9]
32 Working with universities, put in place a program to allow international students to enter NSW in time for Semester 2, 2021.
33 Provide financial incentives for international businesses to locate in NSW and develop 'innovation precincts'.

5.0 Tax reform

5.1 Ensure the tax reform plan is consistent with key principles

The Property Council champions an efficient tax system that makes housing more affordable, unlocks productivity, creates jobs and provides a more reliable revenue base for government. We acknowledge the significant reform agenda the Government has commenced and commit to working to help ensure any reform plan meets the objectives outlined and does not replace one bad tax with another.

The Property Council supports tax reform which is underpinned by seven key principles:

- Genuine opt-in choice
- Reform does not result in higher taxes for commercial property sector
- Recoverability of property tax for commercial property owners
- No increase in cost of housing development
- An 'open to all' reform model – no transition thresholds
- Tailored approach for property types that do not fit clearly within the residential or commercial categories
- Underpinned by a robust valuation framework based on unimproved land value

Recommendation on tax reform:

34 Ensure the tax reform plan and its implementation are consistent with the seven key principles outlined by the Property Council in its submission to the Consultation Paper.

6.0 Show leadership to encourage sustainability

6.1 Working towards a climate resilient and net zero emission future

While Australia's leading property companies continue to top international sustainability benchmarks, the challenge remains to extend this progress across the sector more broadly. The right policy settings can help our buildings achieve their full potential with consistency and efficacy. Targeted policies are needed for the sector. NSW's buildings are achieving world-

[9] National Review of Hotel Quarantine

leading outcomes in sustainability, yet the industry does not have a seat at the table when it comes to good sustainability policy making and design frameworks.

The Property Council's 'Every Building Counts' report provides a roadmap for state governments to work collaboratively with the property industry and through their property holdings, policy and programs to ensure sustainable property is a priority going forward.

Recommendations for climate sustainability:

35 Build on the foundational pieces of work in the Property Councils *Every Building Counts* and the Commonwealth-led *Trajectory for Low Energy Buildings* to form a comprehensive plan that guides emissions reductions in the built environment by the existing Net Zero by 2050 goal date.

36 Boost economic recovery through significant job creation in energy efficiency and climate resilience upgrades:

- Improve the comfort, resilience and performance of residential homes through targeted equipment upgrades and incentives for deeper retrofits, with a priority for social housing, low income and vulnerable households.
- Drive commercial building upgrades through tax incentives or FSR concessions, and establish a 'Smart Building Fund' to support mid-tier building owners to rate and guide the upgrade of their building.
- Embark on an ambitious program to upgrade schools, hospitals and other government owned and occupied buildings, seeking for the Commonwealth to match funding from NSW for up to $150m.

6.2 Gender equality lens applied to policy making decisions

McKinsey highlights the impact of the pandemic on women that has been prominent over the past year, with a regressive effect on gender equality. A broad range of changes are required to counter this, and this budget provides an opportunity to measure and ensure positive policies are implemented to speed up the process to equality.

According to Emeritus Professor of economics Rhonda Sharp AM, of the University of South Australia's Hawke Research Institute and Research Institute for Gender Studies:

> *"Gender responsive budgeting is an analysis of the impact of the budget on gender equality and a process of changing budgetary decision-making and priorities."*

In a similar definition adopted by the OECD & Council of Europe:

> *"Gender budgeting is an application of gender mainstreaming in the budgetary process. It means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality."*[10]

The Federal Government has delivered the 'Australian Women's Budget Statement' to maintain gender equality commitments, which is now formed as the 'Women's Economic Security Statement'. The Victorian Government deliver a 'Gender Equality Budget Statement' alongside their annual budget and has done for four consecutive budgets.

[10] Gender Equality Victoria. Back on Track: Gender Responsive Budgeting Submission, December 2019

A NSW equivalent of the 'Gender Equality Budget Statement' (or 'Women's Economic Security Statement') should start early in the budget cycle and seek to engage with key budget committees to ensure its capacity as an accountability mechanism is enhanced and has influence over the decision-making process.

Recommendations on gender equality:

37 That a gender equality or women's economic security statement is released alongside the State Budget as one of the mainstream budget papers. This document should draw on other budget documents to highlight gender gaps and budget impacts and note them as key sources of information and assessments in its endnotes and as key references.[11]

[11] Recommendation inspired by Sharp, R, and Broomhill, R. 2013. 'A Case Study of Gender Responsive Budgeting in Australia'.