

THE PROPERTY COUNCIL OF AUSTRALIA

BUILDING NSW: HOMES, JOBS AND OUR FUTURE

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FOREWORD

New South Wales is the greatest state in the nation. We are the engine room of the economy, home to globally recognised cities and regions, and a leader in sustainable development.

In recent years, we have been beset by many headwinds - a global pandemic, a rolling skills and material supply chain crisis, hampered productivity, and now the prospect of a global recession.

NSW needs a plan for our state's long-term future. The Property Council of Australia has devised one. It is not just an aspirational plan for the future of NSW – but a plan to deliver it.

In the lead up to the 2023 NSW Election, we are calling on both major parties to focus on the following priorities:

- Leading our great state
- Making NSW the place of choice, and
- Creating a sustainable future.

By acting on these priorities we will advance our status as the greatest state in the nation. It's time to start delivering.



Adina Cirson
Acting NSW Executive Director
The Property Council of Australia

INTRODUCTION

Everyone in NSW lives, works, and plays in the built environment. From homes to offices, factories to schools, the property sector is critical to shaping how we live and work and how we do so sustainably.

We are skilled at creating vibrant communities and economic centres, but the sector is highly regulated and held back by an operating environment that is increasingly complex and fails to harness the industry's full potential – and its capacity to innovate, to evolve and shape an even better future.

The Property Council of Australia's 2023 NSW Election Platform offers an opportunity for policy makers to implement a suite of high-impact and positive interventions. These interventions are designed to deliver for customer and community and will make NSW a better place to live, work, invest and play.

The Property Council is calling for the NSW Government to focus on three key priorities and nine accompanying actions in the next term of Parliament:

1 LEADING OUR GREAT STATE

Restore accountability and responsibility to our planning system

Accelerate housing delivery at a local level, and

Support greater housing diversity and access.

2 MAKING NSW THE PLACE OF CHOICE

Make our regions global centres of significance

Enhance NSW's tax and charges system, and

Build a globally significant talent pipeline.

3 CREATING A SUSTAINABLE FUTURE

Take a whole-of-government approach to decarbonising our homes and offices

Support the shift to high performance buildings, and

Drive greater resilience within NSW communities.



LEADING OUR GREAT STATE

1 RESTORE ACCOUNTABILITY AND RESPONSIBILITY TO OUR PLANNING SYSTEM

- 1.1 - Housing supply should become a Premier's Priority with responsibility for agency coordination delegated to the NSW DPC, backed up by ministerial reporting on targets
- 1.2 - Set housing targets for priority precincts around transport hubs and land-owning government agencies
- 1.3 - Create a pipeline of priority precincts for development with ongoing funding
- 1.4 - Create a Housing Incentive Fund to reward local councils for housing completion
- 1.5 - Switch to a model of "minimum housing targets" and strengthen the commitment to deliver on additional supply through a red card model

2 ACCELERATE HOUSING DELIVERY AT A LOCAL LEVEL

- 2.1 - Direct resources and funding to support major development and rezoning
- 2.2 - Expand and refine the Regional Housing Flying Squad
- 2.3 - Improve the flow of new planners to local councils

3 SUPPORT GREATER HOUSING DIVERSITY AND ACCESS

- 3.1 - Set a social housing target of 10 per cent of total housing stock by 2050
- 3.2 - Establish a Social and Affordable Housing Fund
- 3.3 - Investigate implementing a state-based National Rental Affordability Scheme
- 3.4 - Incentivise private developers to deliver affordable housing
- 3.5 - Establish a Build to Rent Pilot Project with targeted rental subsidies for affordable housing
- 3.6 - Develop a Design Guideline for Build-to-Rent
- 3.7 - Work with the Federal Government to reform Managed Investment Trust
- 3.8 - Ensure the regulatory and planning system supports rather than deters investment in student accommodation and retirement living asset classes



MAKING NSW THE PLACE OF CHOICE

4 MAKE OUR REGIONS GLOBAL CENTRES OF SIGNIFICANCE

- 4.1 - NSW Government should champion a City Partnerships model with the Federal Government
- 4.2 - Support continued investment in city-shaping business collaboration models, including micro-districts and innovation districts
- 4.3 - Create an emerging metropolitan centres (town centres) grants program
- 4.4 - Establish a CBD recovery and revitalisation industry partnership group
- 4.5 - The NSW Government should align its infrastructure program to the delivery of new logistics and industrial land release
- 4.6 - The NSW Government should continue to deliver and expand the Accelerated Infrastructure Fund

5 ENHANCE NSW'S TAX AND CHARGES SYSTEM

- 5.1 - Deliver sustainable and efficient tax reform
- 5.2 - Deliver infrastructure contributions reform

6 BUILD A GLOBALLY SIGNIFICANT TALENT PIPELINE

- 6.1 - Invest in apprenticeships, vocational education, university education to meet the current and future needs of the property industry
- 6.2 - Maintain focus on the fastest possible migration restart and meeting our medium-term population growth deficit
- 6.3 - Work with industry to create a more inclusive sector



CREATING A SUSTAINABLE FUTURE

7 TAKE A WHOLE-OF-GOVERNMENT APPROACH TO DECARBONISING OUR HOMES AND OFFICES

- 7.1 - The NSW Government should set a state-wide zero emissions plan for buildings
- 7.2 - Set a target for a net zero public service by 2030
- 7.3 - The NSW Government should work with the Federal Government to agree a national all-electric target for buildings by 2030
- 7.4 - Adopt a nationally-consistent approach to measurement, disclosure and benchmarking of embedded carbon in buildings

8 SUPPORT THE SHIFT TO HIGH PERFORMANCE BUILDINGS

- 8.1 - Support the establishment of a single, national rating scheme for the energy rating of homes
- 8.2 - Establish a co-funded scheme to drive all-electric home retrofits
- 8.3 - Accelerate the shift to high performance buildings with targeted incentives and innovative financing
- 8.4 - Support mid-tier office building retrofits
- 8.5 - Support a just transition for low-income and vulnerable households
- 8.6 - Support trade jobs and skills training to deliver energy efficient homes

9 DRIVE GREATER RESILIENCE WITHIN NSW COMMUNITIES

- 9.1 - Establish a state-wide resilience strategy which adopts a place-based approach to risk management
- 9.2 - Ensure the establishment of the NSW Reconstruction Authority embeds resilience in its operation and practice



LEADING OUR GREAT STATE

CHALLENGE

The property industry develops our most liveable communities and builds our most sustainable homes, it creates world-leading precincts, re-defines the way we work and keeps the state moving through innovative logistics hubs and future-focused transport infrastructure. But it is getting harder to do our job with any certainty in NSW.

We need leadership and coordination at all levels, but what we are seeing is a disconnect between strategic planning and on-the-ground delivery, fewer resources in development assessment, overlaid with a deteriorating relationship between state and local government. This is made worse by a community led handbrake on development opportunities we need to make our state great. This is not an operating environment in which we can keep pace with the demands of population growth and build what we need to secure our future.

We know that Greater Sydney needs to deliver 725,000 homes from 2016 to 2036 to keep pace with growth, but we already face a NSW-wide deficit of 100,000 dwellings. The Greater Cities Commission 0–5-year targets (which don't account for this deficit) highlight the need for 36,250 dwellings per year to be delivered to meet annual demand. Yet in 2020-21, around 29,000 dwellings were completed with a further shortfall expected for the next few years.

On current trend, several districts across Greater Sydney will not achieve their housing target for the 0–5-year period (and are also forecast to not meet their 6-10 year target). Without intervention, the housing supply shortfall in Greater Sydney will increase by 80,000, in addition to the existing 100,000 undersupply in the system. Ultimately this means Greater Sydney will not supply enough housing to meet demand to 2036.

Each year the dwelling targets are not met worsens the affordability crisis in NSW. We are also seeing a significant shortfall in employment land supply. An inadequate supply of well-located, zoned and serviced industrial land to facilitate employment growth matched to population growth is leading to increased input costs for firms including the movement of goods through warehousing and logistics.

Greater economic and policy leadership is required to address these pressing problems and unleash a new wave of housing and employment land supply. The next NSW Government has an opportunity to take a whole of government approach by restoring accountability and responsibility to our planning system, accelerating housing supply at a local level, and supporting greater housing diversity and access.





SOLUTION

Restore responsibility and accountability to our planning system

The NSW Government needs to restore accountability and responsibility to the planning system to better direct delivery partners (councils and industry), create certainty, and facilitate housing and employment land supply. There is a need for clearer targets, reporting and accountability at both the state and local level. If local councils are trusted to facilitate delivery they should be better monitored and managed – the state can delegate responsibility, not accountability. However, it is also critical that councils have greater support and resources to deliver the targets that are set for them. Similarly, councils should be incentivised to deliver state planning outcomes and penalised when they underperform.

RECOMMENDATIONS

1.1 *Housing supply should become a Premier's Priority with responsibility for agency coordination delegated to the NSW Department of Premier and Cabinet and relevant Minister(s) required to report on development outcomes.*

In the spirit of “taking politics out of planning” several good measures have been introduced to provide improved certainty to investors and industry, paring back opportunistic political interference. These measures include the introduction of Independent Hearing and Assessment Panels, regional planning panels and the Independent Planning Commission. While these measures are welcome, the current housing crisis is such that we should not be absolving the accountability of the Cabinet decision makers for the performance of the overall planning system.

To ensure greater whole-of government coordination, particularly the alignment of infrastructure and utilities decisions with the identification of growth precincts, the NSW Government should elevate housing supply and affordability as a Premier's Priority. Responsibility for cross government coordination and evaluation should be vested within the NSW Department of Premier and Cabinet with responsible portfolio Minister(s) being required to report on progress against minimum housing targets.

1.2

Set housing targets for priority precincts around transport hubs and land-owning government agencies

The changing nature of Greater Sydney and its regions and the growing fiscal constraint on the NSW Budget means a greater balance between greenfield and infill development will be required into the future. To support this balance, the NSW Government should set targets for higher density housing around key transport hubs to take pressure out of the market while making better use of existing infrastructure assets and networks. These targets should form part of the Greater Cities Commission's Six Cities Region Plan and accompanying City Plans and inform the development of a broader precinct pipeline (refer to Recommendation 1.3).

High-density, mixed-use precincts should be delivered in line with the principles of genuine Transport Orientated Development (TOD). High-density development around existing transport nodes has the potential to deliver network-wide efficiencies, improve agglomeration economics, transform accessibility and liveability, and ultimately provide better place-based outcomes for communities.

Furthermore, having more people live closer to where they work can help revitalise our city centres and increase our office occupancy rates as we try and restart the economic powerhouses our CBDs have always been.

In addition, the NSW Government should set and enforce housing targets for government agencies which own developable land in NSW. Transport Asset Holding Entity (TAHE), Landcom, Crown Lands, and Land and Housing Corporation should form the first tranche of government agencies which are set realistic housing targets based on the proportion of developable land they hold. Transparent reporting against the targets should be undertaken by the NSW Department of Premier and Cabinet. In addition, NSW Parliament should be tasked with reviewing the performance of agencies against these targets through the estimates process. This approach will ensure a greater focus is given to housing supply across government agencies where no incentive for development otherwise exists.



1.3

Create a pipeline of priority precincts for development with ongoing funding

The NSW Government should identify a transparent pipeline of housing development around transport hubs through the Department of Planning and Environment's Priority Precincts program. There are several precincts previously identified by the NSW Department of Planning and Environment and the Greater Cities Commission which could form part of this forward development pipeline. This program should set specific housing development targets against each priority precinct to ensure sufficient supply is delivered in NSW (refer to Recommendation 1.2). In addition, the program should be provided with ongoing funding to ensure planning resources are unlocked to progress each of the precincts.

1.4 *Create a Housing Incentive Fund to reward local councils for housing completion*

The NSW Government should establish a Housing Incentive Fund to reward local councils that meet their housing targets. Under this program, local councils who meet housing completion targets will be able to access an incentive-style payment over and above normal funding arrangements with the NSW Government. Incentive payments should be aligned to housing targets set out under the GCC's timeframes. The design of an incentive-based program would need to include an assessment of appropriate conditions, the size of payments, alongside the suitable schedule of payments to local councils. The NSW Government should seek a co-contribution from the Federal Government to ensure sufficient funding scale is achieved through the program and the incentive-style payment available to councils becomes an adequate motivator.

An incentive regime would have the added benefit of igniting a 'competitive localism' between councils by increasing the flow of funding to infrastructure and related projects within a given LGA. This fund would be separate but complementary to existing programs already initiated by the NSW Government to support housing supply, including the Accelerated Infrastructure Fund, the Housing Acceleration Fund, and the Regional Housing Strategic Planning Fund. A successful incentive-based program would need to be efficiently administered, equally accessed, and supported by transparent monitoring and reporting arrangements that provides the NSW and Federal Governments with certainty that the program is meeting its intended outcome – accelerating housing supply.





1.5 *Switch to a model of “minimum housing targets” and strengthen the commitment to deliver on additional supply through a red card model.*

While many local councils are working tirelessly to deliver on their housing targets, particularly in the Hunter, Illawarra and Western Sydney, more needs to be done to ensure all councils are delivering their fair share of additional housing supply.

Housing targets agreed to as part of state metropolitan/regional plans need to be delivered as part of a minimum standard expected for local councils. Sometimes there are legitimate reasons for under delivery on targets, but every year of anaemic housing growth works to compound a city’s housing affordability crisis.

Over the past decade policymakers have been reluctant to intervene in cases where delivery of additional housing has been insufficient. There are a range of “step in” options available to government, including the creation of State Environment and Planning Policies, which can be applied to individual councils or precincts on a case-by-case basis. Under a red-card model, the next government should identify underperforming councils, and underperforming precincts, and use the existing tools available in the planning system to realise delivery.



SOLUTION

Accelerate housing delivery at a local level

Like many sectors across the economy, NSW is facing a shortage of planners. This shortfall is felt most acutely at the local government level where local councils do not have enough experienced planners operating within development assessment roles. This is resulting in delays to the registration of development applications (DAs), the allocation of DAs to assessing officers, and ultimately to the assessment and determination times for applications. Significant delays with internal referral departments within local councils, including in heritage and urban design, civil engineering, and traffic and transport engineering, are also resulting in further delays to the assessment of applications.

Councils are already seeking assistance from the Department of Planning and Environment (DPE) to clear backlogs. However, there is generally a shortage of applicants to fill vacant positions, which is compounded by a competition for talent between local councils, DPE, and other state agencies. The shortage of planners has far-reaching implications on our development pipeline, but more importantly is a handbrake on housing supply. What is needed is a pipeline of skilled planners to support local councils to deliver on their housing targets. As such, the NSW Government should expand and redirect existing resource building initiatives to help councils clear DA backlogs and accelerate the flow of housing supply.

RECOMMENDATIONS

2.1 *Direct resources and funding to support major development and rezoning*

The NSW Government should direct funding and resources to any rezoning or major development over 1000 dwellings to support local council delivery of high economic value projects and provide confidence to developers that councils are well-resourced to assess major development applications in a timely and efficient manner. To complement this approach, the next NSW Government should consider offering a “fast lane” or priority system for processing applications and planning proposals for councils who are meeting their housing targets as set out by the GCC.

2.2 *Expand and refine the Regional Housing Flying Squad*

The Department of Planning and Environment established the Regional Housing Flying Squad to provide no-cost resourcing support to local councils and help outsource the assessment of housing development applications (DAs). While this program has been effective in supporting councils at the back end of assessments, councils still lack the front-end resources to fully progress and complete development applications in a timely and efficient manner. The Department should look to expand the capacity of the Regional Housing Flying Squad to ensure councils are supported at all stages of a development assessment process and prioritise resourcing to councils who are actively trying to meet housing supply targets (similar to the approach taken by the PDU).

2.3 *Improve the flow of new planners to local councils*

The NSW Department of Planning and Environment should work to improve and incentivise the flow of student planners into local councils to help bridge the resourcing gap developing at a local government level and consider the provision of dedicated planners to support district planning panels to expedite projects that are of high economic value. In addition, the NSW Government should add Urban Planners to the NSW Skills List (which identifies the qualifications eligible for a government subsidy under Smart and Skilled) and work with the Federal Government to ensure the migration system remains aligned to the sector’s evolving needs.

SOLUTION

Support greater housing diversity and access

As migration and population growth push demand well ahead of housing supply, the existing shortfall of diverse dwellings will only get worse. The National Housing Finance and Investment Corporation estimates that “an investment of around \$290 billion will be required over the next two decades to meet the shortfall in social and affordable housing dwellings.” While targeted government intervention plays a critical role, relying solely on direct government funding will not bridge this investment gap. Private capital together with government incentives and minor changes to the planning system has the potential to unlock a new wave of social and affordable housing in NSW.

Asset classes like Build to Rent (BTR) also have a significant role to play in the broader housing mix. Although BTR is only emerging in NSW, an established sector has the potential to create a more stable housing pipeline that is counter-cyclical. According to EY, BTR could comprise around five per cent of the residential rental pool within a decade - delivering more than 175,000 dwellings across the country. In addition, BTR provides an opportunity for government to partner with the private sector to deliver discount-to-market affordable rental houses for essential workers.

As a distinct asset class, BTR faces significant regulatory, planning, and taxation barriers in NSW. While the NSW Government has moved to fast-track BTR through the planning system, introduced a 50 per cent land tax discount for new housing projects delivering BTR over specified thresholds, and removed its foreign taxes for eligible BTR projects for the next 20 years, these efforts have not unlocked the full potential of this asset class.



RECOMMENDATIONS

3.1 *Set a social housing target of 10 per cent of total housing stock by 2050*

The supply of social housing has not kept pace with demand. There needs to be a renewed commitment to fund and deliver a net increase in social housing over a sustained period. The NSW Government should set a target to increase social housing supply in NSW from 4 per cent to 10 per cent of total housing stock by 2050.

3.2 *Establish a Social and Affordable Housing Fund*

The NSW Government should establish a Social and Affordable Housing Fund, leveraging the sovereign wealth fund concept first introduced by the Howard Government. The dividends from this fund should be invested as capital grants or availability payments to increase social and affordable housing supply annually in NSW.

3.3 *Investigate implementing a state-based National Rental Affordability Scheme*

The NSW Government should investigate the feasibility of a state version of a scheme like the National Rental Affordability Scheme (NRAS) that encourages large-scale investment in affordable housing through either direct financial support, tax incentives or in-kind contributions.

3.4 *Incentivise private developers to deliver affordable housing*

The NSW Government should direct the NSW Productivity Commission to carry out a review of the 7.32 Affordable Housing Contributions mechanism as recommended in its Final Report on the Reform of Infrastructure Contributions in New South Wales.

Section 7.32 of the EP&A Act allows consent authorities to levy contributions for affordable housing. In this approach, planning agreements are used to secure affordable housing as a community benefit in exchange for additional height and floor space. Special infrastructure contributions can collect for affordable housing, separately to the SEPP 70 scheme.

While the Greater Sydney Region Plan recommends an affordable rental housing target no set percentage or maximum percentage applies across Sydney and New South Wales more broadly. The NSW Productivity Commission has raised concerns that the delivery of this housing could be at the expense of making market housing more expensive.

A future review should identify best practice mechanisms and a course of action for the NSW Government to take in partnership with local government, community housing providers and private developers to respond to the need for greater supply of affordable housing in New South Wales.

RECOMMENDATIONS

3.5 *Establish a Build to Rent Pilot Project with targeted rental subsidies for affordable housing*

The NSW Government should replicate the Queensland Government's BTR Pilot Project. Under the model, the NSW Government would provide a targeted rental subsidy to deliver affordable and market rental housing within BTR developments in NSW. The NSW Government should target developments on privately owned land at the cost and risk of the successful proponent and allow for an expression of interest process for BTR developments on state-owned land. Under the program, a set percentage of dwellings can be provided at discounted rent via the subsidy which helps to better align the interest of government and developers and meet the growing demand for secure long-term rental properties. Alongside this pilot project, the NSW Government should improve tax concessions for BTR to meet the changing trends across Sydney's housing market, including exclusion of BTR projects from the Strata Bonds Scheme.

3.6 *Develop a Design Guideline for Build-to-Rent*

The NSW Government should develop a specific BTR Design Guide in consultation with industry which provides certainty around design standards, including guidance on context and character, sustainability, and amenity for the development of BTR projects.

3.7 *Work with the Federal Government to reform Managed Investment Trust*

The NSW Government should continue to engage with the Federal Government on progressing reform to Managed Investment Trust to ensure Federal taxation settings support inbound investment into BTR as a discrete asset class. Given the capital requirements, BTR needs the ability to attract large investment funds from both domestic and international funds, both of which usually invest through managed investment trusts. Specifically, the NSW Government should support reducing the 30 per cent withholding tax on foreign investment in Build-to-Rent property developments (which is double the rate applied on hotel and student accommodation investments) to level the playing field for the emerging asset class.

3.8 *Ensure the regulatory and planning system supports rather than deters investment in student accommodation and retirement living*

To be part of the solution to Australia's ageing and health policy challenges, the retirement living sector needs the right regulatory and legislative environment that will attract private investment to continue building age-friendly housing and communities. To encourage the sector to continue providing age-friendly housing that delivers better outcomes for more older Australians, the NSW Government needs to:

- support a nationally consistent approach to planning and regulation
- increase land availability
- elevate retirement living to state importance
- support more commercially viable developments, and
- improve alignment with market needs.

Improving the regulatory and planning environment for Purpose Built Student Accommodation (PBSA) also needs to be a priority for the NSW Government. The state should focus on reducing barriers to development, including reducing acquisition costs by reducing tax penalties, incorporating PBSA into state zoning plans and introducing PBSA-specific development requirements to increase the availability of land and pace of development.

MAKING NSW THE PLACE OF CHOICE

CHALLENGE

Our built environment has always shaped the lives of people and is inextricably linked to the long-term sustainability of businesses and the communities they serve. When we get it right, our built environments are vibrant, diverse and teeming with cultural capital. Our industry not only creates buildings and communities it also has a significant influence across a large supply chain. This places us in an extraordinarily powerful position to make NSW the home of high-quality places that are inclusive, attract and retain talent, and support industry and entrepreneurship.

Our cities extending from Wollongong to Sydney through to Newcastle are of global significance. Our city region's international value should entice the Federal Government to participate in planning and delivery. All levels of government can do more to leverage existing investment and capacity in our CBDs to entice additional activity and investment.

International gateways can support the next wave of industry with two-way flows that improve domestic competitiveness on the international stage while reducing costs for local consumers. Industrial lands need to accommodate the targeted re-homing of manufacturing and population servicing activities, requiring investment in urban services and freight and logistics.

Established, emerging and future innovation precincts can, through agglomeration and industry connection support the development of new firms, and new jobs with higher incomes. We need more well-located housing with sufficient density to support choice and amenity. Housing needs to have a diversity of product and tenure to cater for the many different needs of the residents of our cities and regions. Housing needs to be serviced with infrastructure, delivered in the right place at the right time with a tax system that attracts investment.

We need a tax, fees and charges regime that is simple, efficient and competitive. We increasingly need to compete to attract local and foreign investment in the ongoing development of our cities and regions. Without the right settings, we will lose both capital and people across the border.

We also need to attract, retain and develop talent. Labour market pressures have the potential to impact our ability to deliver for the future. There is a risk that a shortage of labour creates conditions that push people out of NSW. Job and skill pathways and inclusive workplaces are critical to the successful delivery of any government vision.



SOLUTION

Make our cities and regions global centres of significance

Disjointed planning and funding across the three levels of government continue to prevent maximum productivity in our key regions of Western Sydney, the Hunter and Illawarra-Shoalhaven. Bringing all three levels of government together to form a shared vision for these regions can unlock strategic planning beyond political lifecycles, providing mechanisms to attract government and private sector investment, create long term employment opportunities, lift wages, improve liveability and create cities that deliver economic outcomes that lift productivity.

To ensure our regions thrive, leadership is needed to drive genuine regional collaboration with industry and between and within the spheres of government. The model of City Deals in Australia was championed by the Property Council from 2014. Australia's first City Deal was agreed for Townsville in December 2016. To date, nine City Deals have been agreed, with only one in New South Wales (Western Sydney).

The Albanese Government has supported the continuation of City Deals, however with an overhaul to replace these with "City Partnerships". The identification of the six cities region by the Greater Cities Commission, provides the opportunity to garner discrete city partnerships funding support from the Federal Government, improve integrated planning and economic opportunities, and enhance coordination across all three levels of government.

Through greater coordination of infrastructure funding we can supercharge our regional city growth, ensure our CBDs and town centres bounce back from the ongoing impact of COVID-19, and enable better alignment of infrastructure, industrial land and housing development.

RECOMMENDATIONS

4.1 *NSW Government should champion a City Partnership with the Federal Government for the Lower Hunter and Greater Newcastle City, Illawarra-Shoalhaven City, and transition the Western Sydney City Deal into a Greater Cities Partnership for Western Sydney*

A Greater Cities Partnership model should consider the following key elements:

- Take a strategic approach to maximising the competitive advantage of each city in line with the Greater Sydney Commission's Six Cities vision
- Improve connectivity both digital and physical, including funding for fast rail connections between the six cities
- Ensure investment is "place-driven" and orientated towards programs and projects that yield the greatest productivity gains for the whole region (rather than individual LGAs)
- Establish a dedicated concierge service to proactively drive attraction and investment, and
- Ensure regular progress reporting and engagement is undertaken between all three levels of government.

4.2 *Continued investment in city-shaping business collaboration models, including micro and innovation districts*

The Property Council of Australia proposed the model of 'micro-districts' to activate Wynyard Park and other key parts of the Sydney CBD through bringing together the property owners, tenants and public to maximise the use of public spaces across the CBD.

The NSW Government should establish a dedicated fund to invest in micro-district activation and support strategic planning and investment within innovation districts.





4.3 *Create an emerging metropolitan centres (town centres) grants program*

As the number of greenfield development opportunities narrows, it is critical new housing stock in the form of apartments is brought online in urban infill areas. While a number of local councils have ambitions to renew their individual centres, not all of these have a suitable level of amenity to attract new homebuyers and investors and spur on renewal of the housing types around these centres.

A town centres grant program would be tied to growth and target medium density infill development approval alongside investment in amenity. This grant program would seek to bring forward the renewal of local town centres to attract and promote additional housing supply.

4.4 *Establish a CBD recovery and revitalisation industry partnership*

The impact on our CBDs as a result of the pandemic has been felt across all businesses and industries that operate within or rely on the CBD economy and workforce. Across hospitality, retail, service industry and private business, the slow-down of the CBD has impacted the economic vibrancy and productivity of the CBD. Office occupancy in the Sydney CBD has sat between 52-53% for the last quarter (Jun-Aug 2022), signalling there is still work to be done to encourage return of workers to our CBD, and the flow on economic impacts for our CBD.

In Adelaide, the establishment of the Capital City Committee under the City of Adelaide Act (1988) was Chaired by then-Premier Steven Marshall and included state government Ministerial representation from the Minister for Transport, Infrastructure, Local Government and Planning, and the State Member for the seat of Adelaide. Representatives from the Local Government included the Lord Mayor, Deputy Lord Mayor and a Councillor.

The NSW Government should establish a CBD recovery and revitalisation industry partnership group in collaboration with the City of Sydney, the Property Council, and other peak bodies to advise Government on the practical steps to continue the ongoing renewal of the CBD. This working group should be supported by proactive government policy that provides further stimulus, removes red tape, and is geared at increasing Sydney's attractiveness to new jobs and future investment. This group should include the Premier, Lord Mayor and key industry representatives. In line with this CBD activation approach, the NSW Government should support a return to the office for public service employees under new flexible working arrangements. This can be achieved by setting a clear target date for office return and mandating greater reporting of office occupancy within government departments and agencies.

4.5 *The NSW Government align its infrastructure program to the delivery of new logistics and industrial land release*

The NSW Government should:

- Commit to a \$2.3bn Aerotropolis roads package to unlock employment lands surrounding the Western Sydney International Airport and a timeline for the roll-out of water and utilities across the Western Parkland City.
- Progress the upgrade of Picton Road to better enable freight connectivity between Port Kembla and the six-city region

4.6 *The NSW Government continue to deliver and expand the Accelerated Infrastructure Fund, targeting high growth areas*

The Accelerated Infrastructure Program has been relatively successful in delivering enabling infrastructure to growth areas across the state. This should be further expanded to assist in delivering homes across the state in targeted high growth areas.





SOLUTION

Enhance NSW's tax and charges system

New South Wales faces significant economic challenges and future-defining economic opportunities as it emerges from the worst of the global pandemic. Key to meeting these challenges and realising these opportunities is ensuring that New South Wales remains an attractive place to live, invest and do business.

In an increasingly competitive national and international environment, New South Wales must be prepared to pursue meaningful, sensible property taxation reform if the state is to realise its full economic potential. Through the current tax systems, the property industry pays 52.1 percent, or \$22.3 billion in tax revenue to local and state governments and pays approximately 29.2 percent of wages and salaries paid to workers in New South Wales. The NSW economy is highly reliant on the taxation of property as a primary source of revenue, and therefore reliant on high volumes of property transactions and increasing land values to ensure increasing revenue.

While budget repair remains a key priority, increasing property taxes is not the answer to making NSW a more prosperous and competitive state. The impact of the new and adverse tax changes has the potential to negatively impact investment, future housing supply, and broader industry confidence. Instead, the NSW Government should be focused on enhancing the efficiency and sustainability of the tax and contributions system through considered reform. Taxes, fees and charges should be set at a level that supports access to capital and development feasibility, while delivering on broader social outcomes.

5.1 *Deliver sustainable and efficient tax reform*

The NSW Government should:

Work with the property industry to structure and deliver an equitable, sustainable and efficient tax system that considers the following:

- The over reliance of the New South Wales state budget on property taxes and looking to possible alternatives that would provide a more balanced spread of taxation across the economy;
- The efficiency or otherwise of the current property tax system including but not limited to stamp duty, land tax, foreign duty surcharges and other transaction taxes;
- The correlation between property taxation and levies and their impact on housing supply and affordability, investment confidence and economic output;
- The competitiveness globally of our tax and investment settings;
- The impact foreign investor surcharges have on residential and commercial property investment;
- Stable tax solutions including alternative property tax models that transition away from stamp duty, toward more efficient taxes
- The need for integration of charges and levies within the property industry, including but not limited to, infrastructure contributions, open space levies and voluntary agreements to provide social and affordable housing, and their cumulative impact on housing affordability.

5.2 *Deliver infrastructure contributions reform*

The decision to abandon the contributions reform agenda risks saddling NSW with an inefficient and complex infrastructure contributions system. Our infrastructure contributions framework still deserves the clarity, simplicity, certainty, transparency and efficiency that these reforms sought to deliver. In addition, we need to ensure the contributions system in New South Wales is competitive with respect to other jurisdictions and does not operate as a handbrake on the state's growth. An incoming NSW Government should re-commit to contributions reform in line with the Productivity Commission's recommendations.





SOLUTION

Build a globally significant talent pipeline

Post-Covid labour shortages are creating a global and domestic contest to attract and retain talent. A reduction in migration has adversely impacted our hospitality and tourism sectors and the broader vibrancy of our cities and regions. Inadequate access to an appropriately skilled and sized labour market has led to higher costs, longer delivery times and exacerbated working conditions in the sector.

This has been compounded by a loss of talent to other states in recent years. In 2021, New South Wales suffered our biggest net loss of residents to other parts of the country in more than three decades. More than 83,100 people left the state in the final six months of 2021, the biggest outflow (predominately to Queensland and Western Australia) over a six-month period in records dating back to 1981.

Without government intervention, labour shortages are forecast to get worse over the next four years. The development of a globally significant talent pipeline is needed to resource our businesses and value chains. This should be supported by the move towards more inclusive workplaces, with a greater focus on improved workforce participation from all members of society.

6.1 *Invest in apprenticeships and, vocational and, university education to meet the current and future needs of the property industry*

The NSW Government should:

- Advocate for an increase to the number of Commonwealth Supported Places for planners and other in demand property qualifications, and
- Add Urban Planners to the NSW Skills List (which identifies the qualifications eligible for a government subsidy under Smart and Skilled).

6.2 *Maintain focus on the fastest possible migration restart and meeting our medium-term population growth deficit*

This can be achieved through:

- Supporting the ongoing return of international students. The NSW Government should work with universities to ensure all international students can enter Australia as quickly as possible, and visa issues are identified and escalated through the appropriate channels for priority action.
- Addressing the net loss to interstate migration.
- Ensure our migration system remains aligned to property and construction sector's evolving needs to provide certainty to industry and help facilitate early identification of emerging skills gaps in the market.

6.3 *Work with industry to create a more inclusive sector*

The NSW Government should work with industry to create a more inclusive sector, with a focus on safety and wellness, to increase participation from under-represented groups. The work progressed by the Construction Industry Culture Taskforce (CICT) provides a good model to replicate across the development sector. The Taskforce has created a Culture Standard for government-funded projects and aims to improve diversity and inclusion for people from all ages, genders, cultures, and heritages, including Indigenous and First Nations People.





CREATING A MORE SUSTAINABLE FUTURE

CHALLENGE

NSW has the strongest climate action agenda in the nation. The NSW Government has made major interventions in the energy and transport sectors to drive decarbonisation and support the state's transition to a net zero by 2050. However, this ambition has not been matched in the property sector and there remains significant scope to accelerate our progress on emissions reduction across our built environment.

Buildings account for more than 50 per cent of Australia's electricity use and almost a quarter of its emissions. Buildings also present some of the lowest cost emissions reduction opportunities available to governments. Realising the emissions reduction opportunities in this sector would reduce its share of the national carbon budget and provide a greater share of the budget for other sectors.

While the property sector has shown great leadership in the development of new homes and offices, a large proportion of the built environment in NSW is already constructed, ageing and requires renovation and renewal. Without government direction and support our communities risk living in substandard dwellings, poorly performing offices and factories that are not adaptable to future ways of working. We risk spending more of our family budgets and generating more emissions because of poorly performing buildings.

Low-cost emission reduction opportunities exist right across new and old buildings in NSW. It is critical however that the NSW Government take a whole-of-government approach to decarbonising our homes and offices, starting with state policy leadership, followed by discrete interventions to support the shift to high performance buildings, and efforts to build greater resilience within NSW communities most exposed to climate volatility.



SOLUTION

Take a whole-of-government approach to decarbonising our homes and offices

NSW requires a state plan that details a clear and steady trajectory for decarbonisation of buildings, alongside a suite of policies that provide industry certainty, leverage opportunities for emissions reduction, and build on the progress shown by market leaders in recent years. This will require a coherent whole of government vision, co-ordinated across agencies and must be deliverable, having regard to the ability to absorb and implement change, access to skills (capacity, capability) and financial feasibility. The NSW Government holds some of the biggest levers to reduce emissions embedded through construction and generated by asset operation. Through the projects they procure and the buildings they tenant the NSW Government can lead a strong decarbonisation agenda across the built environment.

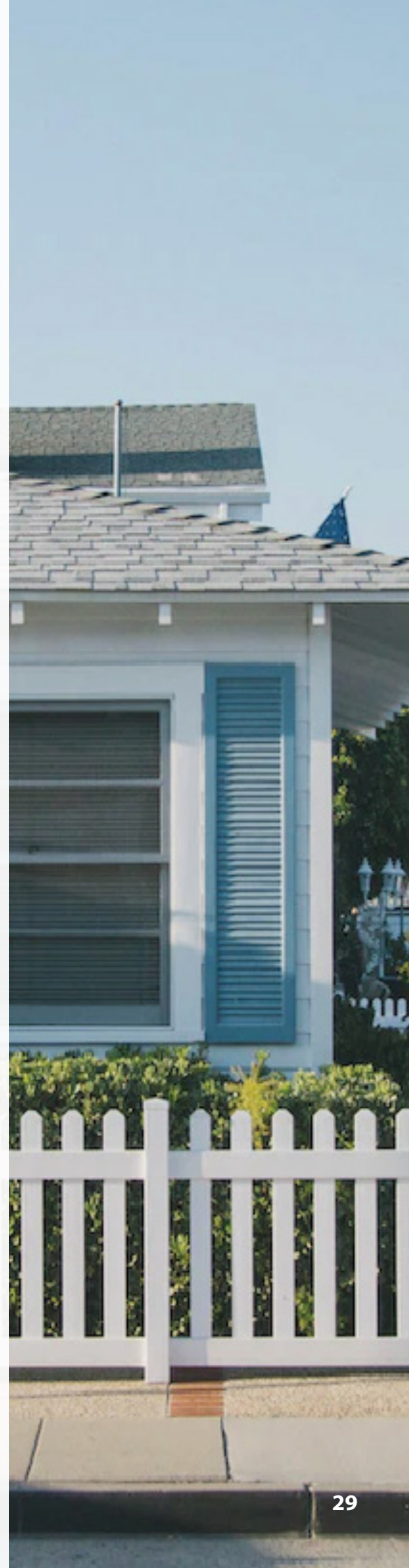
RECOMMENDATIONS

7.1 *The NSW Government should set a state-wide zero emissions plan for buildings*

To help achieve net zero by 2050, the NSW Government should establish their own state-based plan for net zero emissions buildings by 2050, including interim targets for 2030 and a process for regular review. The plan should be incorporated within NSW's Climate Change Strategy and contain clear responsibilities at the ministerial level, coordination with other levels of government, and public reporting requirements. The NSW Government should complement this approach by setting clearly defined sectoral strategies to support achievement of its targets.

7.2 *Set a target for a net zero public service by 2030*

The NSW Government can lead from the front on the decarbonisation of government-owned and tenanted buildings by setting a target for a net zero public service by 2030, in line with the Federal Government's own commitment. This should include a requirement for existing and new government buildings to be all-electric by 2030 alongside focused targets for energy efficiency performance.



7.3 *The NSW Government should work with the Federal Government to agree a national all-electric target for buildings by 2030*

NSW lacks a clear timetable to phase out fossil fuel use in building operations. Currently, fossil methane is used for space heating, hot water and cooking in commercial buildings and homes across Australia, despite electrification being more cost effective at the household level today.

Coordinated action to achieve all-electric renewable powered building operations will be crucial for NSW to meet its net-zero target by 2050. The NSW Government should work with the Federal Government to set a clear achievable target for all-electric buildings and define a planned transition away from fossil methane in buildings. This should be aligned with the NSW Government's own state-wide net zero plan for buildings.

7.4 *Adopt a nationally-consistent approach to measurement, disclosure and benchmarking of embedded carbon in buildings*

The carbon embedded in construction materials is expected to become the largest source of emissions in the building sector over the coming decades. Targeted action on reducing emissions from construction and building materials will be crucial for NSW to meet its net-zero target by 2050.

The NSW Government has already taken important steps to tackle this issue by funding the development of a nationally consistent framework for measuring, benchmarking and certifying emissions from construction and building materials within the NABERS suite.

Once finalised, the NSW Government should incorporate the NABERS embedded carbon framework within the Sustainable Buildings State Environmental Planning Policy. In addition, NSW should work in partnership with other governments as well as industry organisations across Australia to progress national adoption of the framework.



SOLUTION

Support the shift to high performance buildings

While many market leaders within the built sector are delivering new high-performance buildings with sufficient space and infrastructure so all energy needs can be sourced from renewables, there remains a significant challenge to accelerate the shift towards high performance buildings within the lower-tiered built market and across existing office and residential stock.

The Property Council welcomed the release of the Sustainable Buildings SEPP which sets new standards for energy, water and thermal performance in new homes, and establishes provisions to create more sustainable non-residential buildings. While we welcome these efforts more needs to be done to advance higher performance within the built environment. Focus should be placed on enhancing the performance of lower grade commercial buildings and accelerating upgrades that will not only improve performance but make premises more appealing commercially.

In 2020, the Property Council, Green Building Council of Australia, Energy Efficiency Council, and Australian Sustainable Built Environment Council released the Building Efficiency for Jobs and Growth report that recommended the incentivisation of deep retrofit to improve energy performance of existing homes. The following recommendations draw from that report and Every Building Counts report and outline the actions the NSW Government should take to improve the energy efficiency of our homes and offices.

RECOMMENDATIONS

8.1 *Support the establishment of a single, national rating scheme for the energy rating of homes*

The NSW Government should work with the Federal Government to establish a single, national rating scheme for the energy rating of homes. This initiative will be key to creating a market for sustainable homes and unlocking consumer demand for efficient homes. The rating scheme will also be key to underpin supporting policies such as green loans, green door approvals and efficiency upgrades including fuel switching from gas.

8.2 *Establish a co-funded scheme to drive all-electric home retrofits*

The NSW Government should establish a co-funded scheme with support from the Federal Government to drive all-electric retrofitting across existing homes. Priority should also be given to low performing assets in the social and community housing sector, which could act as the launching market for an all-electric retrofit program and help build capacity within the retrofit industry. The scheme should also consider the opportunity to improve the energy efficiency of social and community housing assets.

8.3 *Accelerate the shift to high performance buildings with targeted incentives and innovative financing*

The NSW Government should deliver financial and planning incentives that encourage the built environment towards better sustainability practice and reduced emissions. Priority should be given to the following initiatives:

- Rates and charges relief for buildings that satisfy a performance standard, for instance stamp duty and land tax concessions for high performing buildings, which target the point at which owners are considering making investments in their home prior to sales.
- Green door policies, which would provide expedited or prioritised review and approval of development applications associated with more sustainable and higher performing buildings.
- Density bonuses, which offer developers an increase in the permitted density of residential projects in exchange for more sustainable and higher performing buildings.

In addition, the NSW Government should work with the Federal Government, property, and finance sectors to accelerate the expansion of preferential financing mechanisms that incentivise sustainable buildings and upgrades through the following measures:

- funding the development of green home finance products, like green mortgages, equity loans and home improvement loans, or incentivising industry to develop innovative ways of reducing the cost of retrofitting housing stock.

8.4 *Support mid-tier office building retrofits*

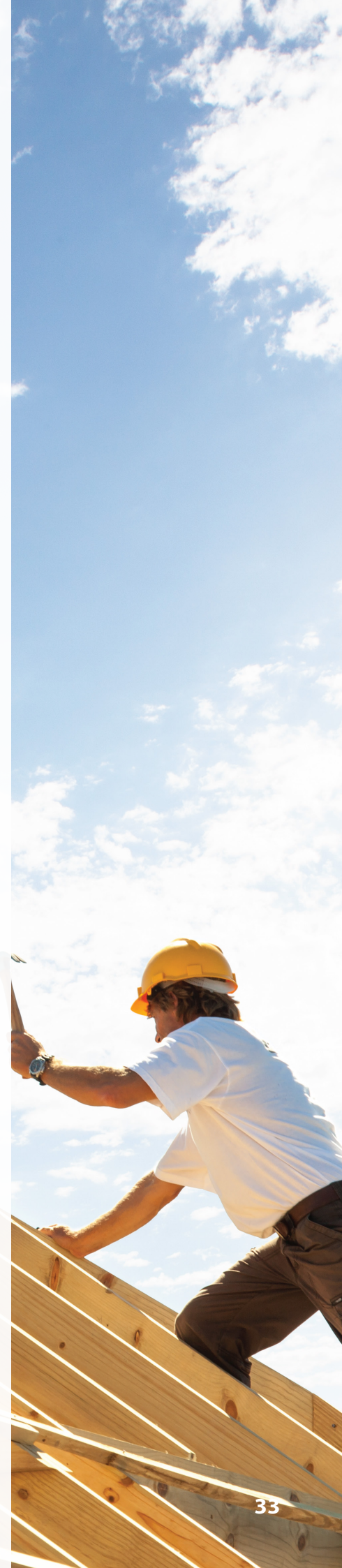
The NSW Government should accelerate energy efficiency and electrification for mid-tier buildings, focusing on information, incentives and research. These include establishing targeted tax incentives to encourage building upgrades, setting targets for the performance of government tenancies, and investing in research to further quantify and understand the mid-tier sector.

8.5 *Support a just transition for low-income and vulnerable households*

It is vital that programs targeting electrification of existing buildings focus first on low-income and vulnerable households with upgrades to social and rental housing. In addition, NSW Government should ensure procurement of all new social housing in the state includes all-electric provisions.

8.6 *Support trade jobs and skills training to deliver energy efficient homes*

The building electrification strategy presents significant opportunities for domestic manufacture of equipment such as heat pumps, for installers of wiring, solar and vehicle chargers. However, our trades industry, including electricians, plumbers, PV installers need to have the skills and education to help deliver the transition. As such, the NSW Government should provide funding to support the appropriate education and training of trades to meet the coming demand for all-electric buildings.





SOLUTION

Drive greater resilience within NSW communities

The sector acknowledges the role of the built environment in building a resilient community and the need to better plan for and respond to natural hazards, including embedding circular economy principles within building design, construction, operation. The increasing frequency and intensity of disaster events means governments need to be better prepared to respond, remain resilient to, and ultimately recover from future disasters.

The NSW Government needs to strengthen the state's resilience and recovery capacity through improved planning, risk assessment and management, and governance. Recent flood events have demonstrated the criticality of moving towards a strategic, proactive and planned approach which draws on local knowledge and takes account of region and local-level risks.

RECOMMENDATIONS

9.1 *Establish a state-wide resilience strategy which adopts a place-based approach to risk management*

The NSW Government should work with industry and the community to develop a state-wide resilience strategy which adopts a place-based approach to risk management and accounts for both region and local level environment and context factors. A locally led, regionally coordinated, and state facilitated blueprint to strengthen disaster resilience will ensure that NSW communities are better equipped to manage the impacts of climate change into the future.

The state-wide strategy should draw on and be informed by the United Nations Office for Disaster Risk Reduction Sendai Framework and be complemented by regional resilience plans. Every community is different, so these regional plans should use a co-design process, recognising communities are best placed to understand and identify their needs, and share local knowledge to address local risks.

9.2 *Ensure the establishment of the NSW Reconstruction Authority embeds resilience in its operation and practice*

The Property Council welcomed the NSW Flood Inquiry Report which recommended the establishment of a reconstruction authority to be the lead Government body for state-wide, all disaster preparation, recovery, and reconstruction. The NSW Reconstruction Authority should be closely modelled off the Queensland Reconstruction Authority and be responsible for all major disaster events, lead the coordination of resilience and recovery policy, and facilitate mitigation activities outside of post-disaster events. As occurs in Queensland, the NSW Reconstruction Authority should also be the lead agency responsible for developing and coordinating the state-wide resilience strategy building on the former work of Resilience NSW.





ELECTION PRIORITIES

HUNTER

The Hunter is Australia's largest regional economy with more than \$57 billion in economic output. The region is prospering, supported by a highly professional and skilled workforce and strong education, health, energy, resources, tourism, creative industries, manufacturing and defence sectors. This is underpinned by a significant and diversified property sector. At the heart of the Hunter is a number of growing catalyst city centres, undergoing transformation through public and private investment with projected population growth exceeding expectations. Federal, state and local government should work together under a City Partnership model to secure the region's future.

Recommendations:

- Build capacity and diversity at Newcastle Airport and Newcastle Port to support growth of the regional economy. This includes the commitment of funding to and implementation of the Williamstown Special Activation Precinct.
- Establish a Hunter infrastructure fund to unlock housing in the Hunter and extend Newcastle Mines Grouting Fund to cover NSW.
- Deliver freight rail and passenger transport improvements that will provide a more efficient network with high frequency connections to key centres across the region. Plan for extension of the Light Rail system to Broadmeadow and Callaghan.
- Work with community and industry to accelerate plans for Hunter Park.
- Commit to fast rail between Newcastle and Sydney, with inclusion of Wi-fi enabled carriages, to make commuting more efficient and boost economic activity in both cities.

ELECTION PRIORITIES

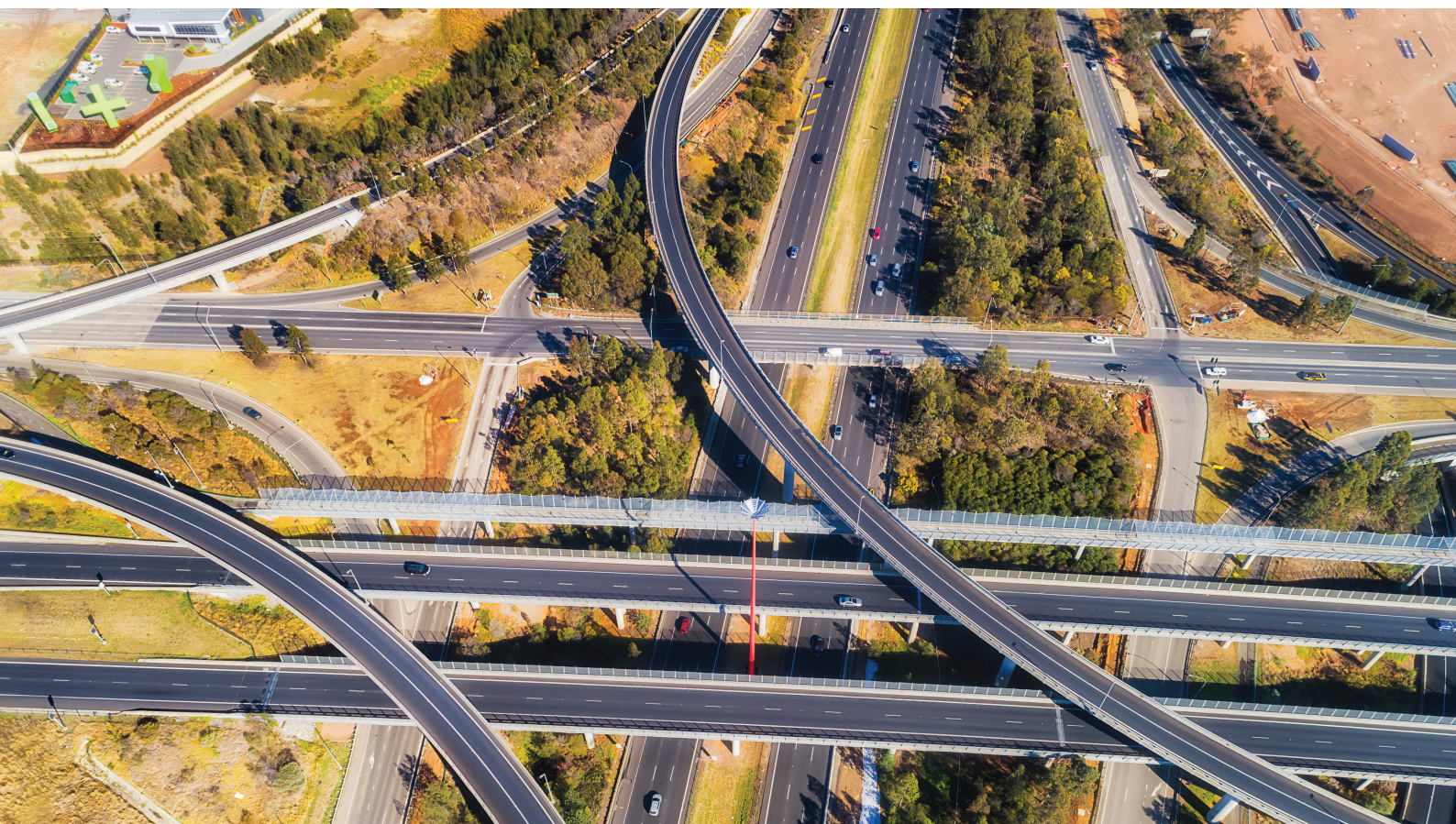
WESTERN SYDNEY

From Penrith to Parramatta and Wollondilly to Windsor, Western Sydney is Australia's third largest economy contributing \$104 billion to gross domestic product.

By 2036, Western Sydney will be home to 3 million people. Significant investment in growth infrastructure is required to lift the quality of living for the people who will call this region home.

Recommendations:

- CityDeal 2.0: Grow the current Western Sydney City Deal as part of the Federal Government's new City Partnerships model and expand the agreement to include Blacktown City Council as a partner in the planning, co-ordination and delivery of growth infrastructure such as rapid transit corridors and metro rail extensions.
- Deliver Western Sydney's development-ready employment precincts with a \$2.3b Western Sydney Aerotropolis Roads Package to upgrade six priority roads by 2027.
- Promote high-density living as an attractive housing choice in Western Sydney by investing in local parks, streetscapes and public domain improvements.
- Continue the growth of Parramatta as the major job-generating central business district of the region by delivering Stage 2 of the Parramatta State Environmental and Planning Policy.
- Respond to the need for climate resilient cities by adopting revised planning controls and provide industry with a pathway to put forward "developer-nominated sites" to deliver new housing options in flood-free locations.





ELECTION PRIORITIES

ILLAWARRA SHOALHAVEN

The Illawarra Shoalhaven region with Wollongong as its regional capital is becoming one of the most popular regions to live, work and play.

It is the third largest regional economy in New South Wales and is the second major trade gateway for Greater Sydney and key to the future growth of the Six City Mega Region.

It is close to both Eastern Sydney as well as the Aerotropolis being established around the Western Sydney Airport that will form strong links with Port Kembla.

The challenge is to take advantage of these economic drivers while still retaining the Illawarra Shoalhaven's distinctive character and creating greater local communities.

Recommendations:

- Delivery of a transformative inter-regional City Partnership which enables growth for the Illawarra Shoalhaven economy and Greater Sydney as part of the six-city mega region.
- Funding for a Business Case and Master Plan for the Illawarra Sports & Entertainment Precinct.
- Delivery of long-term improvements and upgrades to Mount Ousley Interchange and Picton Road which provides a key freight and commuter link between the Port and Greater Sydney.
- Delivery of a detailed network plan and business case for the South West Rail Link and a Fast Rail Strategy across the Greater Six Cities Region.
- Targeted delivery of affordable and diverse housing close to economic centres, retail centres and transport nodes with a focus on key workers.

CREATING JOBS - PROPERTY IS OUR LARGEST EMPLOYER




\$87.9 BILLION

in Gross State Product, property directly accounts for 15% of NSW economic activity.

Property creates

495,600 DIRECT JOBS IN NSW

With \$35.8 billion in wages, more than **1 IN 4 PEOPLE**  in NSW draw a wage directly or indirectly from the property industry.

The property industry pays

\$22.3 BILLION OR 52.1%

of NSW's local government rates, fees and charges





PROPERTY
COUNCIL
of Australia