Government Infrastructure Investment

Policy Background

- The timely delivery of good infrastructure development drives regional growth, employment and housing development opportunities. Furthermore HIA would suggest borrowing to fund productivity enhancing infrastructure is good policy.
- Governments have a responsibility to implement infrastructure programs to sustainably support anticipated growth in a manner that ensures the investment is shared equitably across the whole community.
- Since the early 1990s various state governments have pursued a policy to eliminate debt and in doing so have effectively transferred the cost for the delivery of public infrastructure onto new home buyers resulting in an artificial increase in the price of a new dwelling.
- In doing so, many state governments have recorded substantial budget surpluses - significantly funded by relatively high rising property taxes and infrastructure expenditure cutbacks.

Policy Issues

- State governments routinely through the regulatory process shift the cost of addressing infrastructure shortfalls onto individual housing projects to deliver a perceived sustainable built form rather than incur the expense of undertaking community wide initiatives that would deliver broad scale public benefit.
- This approach has eliminated the reliance upon the whole of community participation in infrastructure development and imposed significant cost on the minority new home purchasers.
- State debt is being transferred to the private purse.
- The result is an artificial increase in house prices generating additional wealth for existing homeowners, at the expense of new home buyers.

HIA's Policy Position on Government Infrastructure Investment

1. HIA advocates the provision of infrastructure to meet community needs and expectations.

2. Infrastructure provision should be planned, developed, and implemented in a coordinated manner by all levels of government, state, regional and local in consultation with the residential building and development industry.

3. Government infrastructure investment should incorporate strategies that take account of the benefits in delivery and costs that can result from integrating land use and transport planning.

4. Infrastructure provision and funding must have a minimal impact on <u>the</u> affordability of new housing. The funding of infrastructure should be calculated over the full life of the asset and recognise future user pay charges that may apply.

Policy endorsed by HIA National Policy Congress: May 2007; Re-endorsed May 2013; Amended May 2018

5. As beneficiaries of the provision of new infrastructure the whole community should share the cost of that benefit, by funding the delivery through any of the following mechanisms:

    a. Government direct funding;
    b. Government borrowings;
    c. Tax effective infrastructure bonds (including those raised by public subscription);
    d. Public private partnerships that demonstrate clear public interest;
    e. General rate levies across the whole community or;
    f. User pay charges.

6. Governments should also:
    a. invest in new technology driven infrastructure; and,
    b. lead the way by removing institutional barriers to infrastructure funding and development.