MEDIA RELEASE

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PLANNING REFORMS TO KICK START NSW ECONOMY

The State’s new planning system will provide a major boost to business activity in NSW, creating thousands of jobs and pouring billions into the economy, according to an independent assessment by a leading economic consultancy.

The reforms will increase the output of the NSW economy by up to $3 billion a year over the next 30 years, according to the review by the Centre for International Economics (CIE) released today.

The Planning Bill 2013, tabled in NSW Parliament on Tuesday by the Planning and Infrastructure Minister Brad Hazzard, represents the biggest overhaul of the planning system in 33 years.

“Planning is a critical part of the NSW economy, society and environment with more than $20 billion of economic activity passing through the development assessment system each year,” Mr Hazzard said.

“It is also one of the key ways we can improve productivity in the State and I am delighted that this report has found we can increase the output of the NSW economy by up to $3 billion a year.

“That means more housing and more jobs. Clearly, the construction sector will benefit but a better planning system will improve opportunities for other sectors including retailing, transport, entertainment and recreation, mining, manufacturing and agriculture.”

Mr Hazzard said the report clearly lays out the economic benefits of reform and the cost of the current system.

“While our housing starts have improved dramatically, more needs to be done to support new housing for our growing population and help our economy through additional construction,” he said.

“Commercial property rents in Sydney are also much higher than they should be. Prime office space, for example, can cost nearly twice as much in Sydney as it does in Melbourne.

“The NSW economy is already rebounding, the housing industry is on the long road back and, with this legislation for a new planning system, the economy will be free to grow even faster.”

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The CIE said the new system would deliver annual direct benefits of between $569 million and $1035 million when fully implemented. The potential economic benefits for the State would come from three main areas:

- Cutting delays and documentation costs for new projects will be worth between $107 and $192 million a year;
- Reducing the risks involved in new projects will be worth between $190 million and $298 million a year;
- Ensuring more efficient land use will be worth between $291 million to $565 million a year.

The report notes that housing completions in the rest of Australia increased by 23 per cent (1985-2012) compared with a fall of 23 per cent in NSW.

The reforms introduced by the NSW Government have already delivered a large hike in housing production – in the 12 months to August 2013, 41,309 dwellings were approved – the highest in eight years.

Mr Hazzard said there was still more to be done in streamlining approval through the planning reforms.

“The NSW economy is beginning to catch up with the rest of Australia, but, as the report makes clear, the overly complex, slow and costly planning system has not allowed NSW to adequately respond to economic and demographic changes,” Mr Hazzard said.

Mr Phil Manners of the Centre for International Economics said the report outlined how far NSW had fallen behind the rest of Australia.

“Just in housing alone, NSW is paying a heavy price in terms of underperformance. The State has missed out on thousands of jobs, the economy has not grown as fast as it could have and housing has cost more than is necessary,” he said.

“The planning system, as it has operated in NSW over past decades, is a major reason for the low level of housing construction in NSW, and most particularly in Sydney.

“The benefits of reform to the planning system will be significant and long-lasting for the NSW economy.”

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