

Senate Select Committee on Housing Affordability in Australia

Terms of Reference

1. That a select committee, to be known as the Select Committee on Housing Affordability in Australia be established to inquire into and report upon:

The barriers to home ownership in Australia, including:

- a. **the taxes and levies imposed by state and territory governments;**
- b. the rate of release of new land by state and territory governments;
- c. proposed assistance for first home owners by state, territory and the Commonwealth governments and their effectiveness in the absence of increased supply;
- d. the role of all levels of government in facilitating affordable home ownership;
- e. the effect on the market of government intervention in the housing sector including planning and industrial relations laws;
- f. the role of financial institutions in home lending; and
- g. the contribution of home ownership to retirement incomes.

That the committee present its final report on or before **16 June 2008**.

Committee Secretary
Senate Select Committee on Housing Affordability in Australia
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Phone: +61 2 6277 3540

Fax: +61 2 6277 5719

Email: housing.sen@aph.gov.au



INTERNATIONAL ASSOCIATION OF PUBLIC TRANSPORT
(AUSTRALIA/NEW ZEALAND)
GPO BOX 2531
CANBERRA ACT 2601
Telephone: + 61262475990
Facsimile: + 61262306898
Web: <http://www.uitp.org>

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Continuing population growth and a trend back to urban living make public transport vital for our future.

Public transport is a travel necessity for many Australians.

In the last 18 months, as a result of rising oil and petrol prices and rapidly rising road congestion, patronage has risen 20% on Melbourne's trains, 18% on Brisbane's buses, and 12% in Perth. The growth shows no sign of abating particularly with gasoline nearing \$1.50 per litre. Sydney's rail and bus systems are overcrowded, as are those in Melbourne, Brisbane and Perth.

With 85% of the Australian population now living in urban areas, the quality, reliability and availability of public transport impacts on the lives of millions of Australians on a daily basis.

Australia is one of the most urbanised countries on earth and our cities amongst the most car-dependent. Providing better public transport reduces oil consumption, the trade deficit, road congestion, greenhouse gas emissions, motor vehicle accidents, air pollution and the expense and space required for urban motorways.

Containing urban sprawl and lowering greenhouse emissions by reducing car dependency are key issues in transport and urban planning.

The Garnaut Climate Change Review's issues paper on transport and urban planning, released in early March 2008 found that building new roads may make Australia's greenhouse emissions from transport worse.

"Provision of road infrastructure may induce growth in passenger car use by reducing the competitive advantage of public transport and possibly inducing additional travel," the paper found.

It also found that outer suburban developments with poor access to public transport and high dependence on cars would be worst hit by measures such as a carbon tax on fuels.

"Rising fuel prices may disproportionately impact on households in (outer suburbs)," the report found.

The report came a week after Victoria's Premier announced that all unzoned land within Melbourne's urban growth boundary would be released for development, to accommodate the city's booming population.

The International Association of Public Transport (UITP) and public transport advocates around the region have raised fears the move would only add to Melbourne's reliance on cars.

Amending Taxation Policy Can Enhance Housing Affordability

The continuing ludicrous situation in Australia where under current Fringe Benefits Taxation Laws, company-provided motor vehicles are offered tax concessions via a "Statutory Formula" that becomes more generous the further a vehicle is driven, is coming to the attention of a number of overseas environmental groups.

Under current Australian taxation law, for those that are fortunate to have a company car, the further you drive, the less tax you pay.

As a result, employees are encouraged to undertake additional travel to reduce their tax and company provided cars are significantly over-represented in peak hour traffic in all parts of Australia.

Since the "Statutory Formula" includes both business and private use, much of the additional driving relates to personal rather than business purposes.

This perverse subsidy from the Australian Federal Government for personal motor vehicle use results in greater congestion, energy use and emissions.

The revenue foregone by the Australian Government as a result of the concessionary Statutory Formula amounts to over \$Aust 1 billion per annum – funds that could be applied to public transport in our outer suburbs and offsetting the increasing cost of living in these regions.

Eliminating this concession would free up resources for other priorities and help ease traffic congestion in Australia's major economic centres, as well as bring environmental benefits.

Removal of a similar provision in the United Kingdom reduced business travel in company cars by 300-400 million miles per annum and private use by as much as 100 million miles.

Reform of this provision in Australia has been recommended by numerous environment and public transport groups around Australia.

UITP commends the Committee to take account of the opportunity to influence housing affordability for Australians through amendment of Fringe Benefits Taxation policy.

Peter Moore
Executive Director
UITP (Australia/New Zealand)
GPO Box 2531
CANBERRA ACT 2601 AUSTRALIA
Direct Phone: 02 62475990
Mobile: 0404052635
Fax: 02 62306898
peter.moore@uitp.asn.au

MARCH 2008