

Six priorities for Sydney - What it means to build back better

The forced experiment of COVID is giving us all the chance to ask the question, what do we want to do differently in the future? For Australia there are a lot of reasons to think that we should go big on making things better.

Australia was blessed with 29 years of un-interrupted growth pre-pandemic. Looking ahead, 29 years from now is the year 2050. This is a moment to ask what we want that next phase to look like. What would need to happen to repeat the economic miracle we experienced for all those years before covid hit?

Returning to pre-pandemic “normal” is not going to be possible. Even if it was, the old way wasn’t working for a lot of Sydneysiders. Spatial inequality was a [higher barrier](#) to a good life than most other cities. Rising housing costs were [driving young people out of Sydney](#), and creating increasing [intergenerational inequalities](#). Women were more likely to be in ill-suited jobs, or [not in the workforce at all](#).

Moreover, many of our economic foundations of pre-pandemic national wealth are unlikely to come back, will come back slowly, or face long-term decline. There are big uncertainties around key sources of income like international business travel and international students. Every recession reshapes the economy in unexpected ways, and this one will be no different.

Finally, our reliance on carbon-intensive resource extraction is becoming an economic weakness. By 2050, many of our natural gas and coal customers, accounting for 19% of Australia’s total exports, will be [running net-zero economies](#). More immediately, there is a risk that major [trade deals will not be able to proceed](#) until there is further action on climate change.

We are all by now familiar with the phrase “build back better”. We think Government is up to the challenge, but it will mean not falling back into old habits. It’s time to increase the speed and breadth of reforms to enable broad-based economic growth, for the benefit of everyone in Sydney.

There is, in fact, a danger of letting the opportunity of this crisis go to waste – being content with a short-term post-covid economic bounce, rather than doing the hard work to unlock sustained growth.

What would it mean to build back better? Here are six priorities.

1. Upgrade the tax system. The NSW Government is working on two important reforms – converting Stamp Duty to a Land Tax and implementing a road user charge on electric

vehicles. Both are excellent and both will unlock economic efficiencies. But much more is needed.

The high corporate tax rate is an inhibitor to getting global firms to Australia. While reducing the overall rate comes with great cost to the Federal Budget, more targeted changes to expand investment incentives like the [Research & Development Tax Incentive](#), the [Accelerated Depreciation Scheme](#) and [IP Incentive](#) schemes to keep ideas in Australia are required.

To set the conditions for long-term economic growth, these tax reforms need to be enduring, not temporary fixes. We need the underlying tax settings to be more supportive of economic growth.

2. Upgrade the social safety net. While Australia's version of social democracy is the envy of many countries, gaps have been exposed by COVID.

JobSeeker needs a substantial, permanent increase. For many areas of the country, the number of unemployed people will far exceed job vacancies for years to come. Providing adequate support will ensure that unemployment does not spin people into poverty, detachment from the workforce and long-term social disconnection.

Another big idea: universal childcare should be expanded, providing free pre-school to all children and expanding access across the 0-5 age range. This has the '[double dividend](#)' of delivering a boost to women's workforce participation — which remains [9% behind men](#)'s and providing a better childhood to all kids, regardless of their family's circumstance. It would be a major, transformative upgrade for families in Australia, which also just happens to be smart economically.

3. Upgrade the energy system. The path to net zero is to [electrify everything](#), and to make sure that all of our electricity is [renewably generated](#). While the federal Government appears committed to not leading on this issue, NSW and other states can do the work on their own.

The NSW Government's [Energy Infrastructure Roadmap](#) to shift the energy grid to renewables is the most important next step. Fully implementing it will transform the way electricity in NSW is generated. The next steps are to electrify the major end uses of energy — starting with cars, buses, trucks, and buildings. In each of these sectors the "tech" is ready for full scale up, but rapid adoption will require policy support. [2030 is not far away](#).

We should accelerate the transition of Government vehicle fleets to electric, and put in place incentives for private vehicles and corporate fleets to follow. We should have similar programs for building systems and appliances.

It's easy for politicians to scare people about the impending climate crisis, not least by stoking fears of job loss. But moving slowly is not doing anyone any favours. The best hope for Australia's long-term prosperity is to take focused action to decarbonise the economy, with specific economic strategies that will create high paying jobs for working people to replace the jobs that are inevitably going away.

4. Upgrade the immigration visa system. The skills-based immigration model has supported Australia over past decades, and high immigration rates have been a key driver of the country's economic growth. Many of the immigrants come to Sydney, and this created the open, tolerant, multicultural city that we love today. But Australia's immigration system needs some improvements.

One of the biggest areas of improvement is to provide greater opportunities for entrepreneurs to move to Sydney. Right now, being accepted into a start-up accelerator in Canada will also grant an entrepreneur a permanent residency visa. Australia makes it much harder for people with good ideas to move here — [despite strong community support](#).

More generally, we think the goal should be to return our immigration rates back their pre-2020 levels. Immigrants don't take Australian's jobs — [they create them](#).

5. Upgrade the education and skills system. We have a world-class education system, and its role will be crucial both in bouncing back from COVID as people re-skill and adapting away from carbon-intensive industries to new ways to grow national prosperity. However, the double hit of exclusion from JobKeeper and closed international borders have placed unnecessary difficulty on many education providers.

The proposed 'third option' combining TAFE and University, providing an industry-developed pathway for students to build skills for a changing workforce, as [being proposed](#) by the Gonski/Shergold review, should be delivered by 2023.

Increasing funding for research, both at universities and beyond, is an obvious place where Australia should lead. A sustained level of investment above the OECD average is probably the single most important way to create longer-term prosperity.

Fundamentally, Government needs to become comfortable with funding more of the cost of university education. Reforms to degree costs in the last year have undercut the ability for universities to provide the crucial re-training and re-skilling work that will occur because of the COVID recession. More funding for university education will upgrade the skills of the workforce for jobs that will exist in the future.

6. Upgrade the city. Reports during COVID of the death of the city were premature. Sydney remains a powerful, desirable and liveable place. That does not mean we can rest on our laurels. These are some of the key moves to upgrade Sydney's urban systems.

Upgrade and revive local high streets across our city to provide everyone with a thriving local centre within walking distance.

Deliver great public spaces accessible to everyone across the city — providing open space that cools, delights and supports community.

Continue to expand the metro and public transport systems to connect more people to social and economic opportunity, working toward the goal of a complete, interconnected network like you see in cities like London or New York. We have a good start, but we are far from done.

Expanding the stock of social and affordable housing. Given the extreme run-up in Sydney's home prices, this is the only way to provide a shot at a decent life in Sydney for a segment of our community. Virtually every major world city has confronted this fact and is working to provide a significant share of its housing supply through Government or community housing models.

Conclusion

Australia's response to COVID was world-class (ignoring, for now, the problems with the vaccine rollout). Our short-term recovery appears assured. However, this past year has catalysed a much longer-term restructuring of the global economy. Sydney, and Australia, have an opportunity to use our current success to lift our position in the global economy, and set our society and economy up for success towards 2050. But this opportunity requires bold, sometimes difficult, work. We think our Governments are up to the challenge. These are some big ideas that would make a difference.