

7th February 2014

UDIA Submission to the Study on Geographic Labour Mobility

The Urban Development Institute of Australia (UDIA) welcomes the opportunity to provide this submission to the Productivity Commission Study on Geographic Labour Mobility. UDIA is the peak body representing the interests of the development industry around Australia, acting on behalf of thousands of members across the country from a wide variety of fields.

Geographic labour mobility is an important factor in the effective functioning of labour markets, and also in broader economic efficiency and societal wellbeing. UDIA broadly supports the methodology and comprehensiveness of the draft report, and strongly agrees with the Productivity Commission's finding that the effect of housing policies on housing supply and affordability represent the most significant policy impediment to geographic labour mobility. Specifically:

DRAFT RECOMMENDATION 12.1

Where this has not already occurred, state and territory governments should remove or significantly reduce housing-related stamp duties, and increase reliance on more efficient taxes, such as broad based land taxes.

Stamp duties in addition to reducing the mobility of households also damage housing affordability, reduce activity in the development industry, result in inefficient utilisation of the housing stock, are a volatile source of tax revenue for Governments, and create an inequitable tax burden on a small proportion of the population. UDIA strongly supports their reduction and eventual elimination in favour of more efficient taxes, such as a broadening of the GST. UDIA has concerns that the introduction of a broad based land tax may have adverse impacts on the supply of land and subsequently housing affordability.

DRAFT RECOMMENDATION 12.2

State and territory governments should ensure there is a responsive housing supply through efficient planning and flexible land release. In its benchmarking study on planning, zoning and development assessments, the Commission identified a number of leading practices that can significantly improve the governance, transparency, accountability and efficiency of these processes. Where this is not already occurring, state and territory governments should implement these leading practices.

Ensuring an adequate supply of land for housing is absolutely critical to ensuring housing affordability and preventing housing shortages. Unfortunately constrained land supply in most major Australian cities, combined with high levels of population growth has led to a large and growing shortage of dwellings, and extremely poor housing affordability. This distorts households' housing decisions, and excludes lower and middle income households from certain labour markets and jobs. Poor land and housing supply also has broader negative consequences for the social and financial wellbeing of households, and impacts on the competitiveness of businesses and the Australian economy.

In addition to reducing inefficiencies and delays in the planning system through implementing the leading practices identified by the Commission, UDIA believes that Governments must also commit to investing more money in urban infrastructure. In addition to reducing congestion and improving access to employment, the provision of sufficient trunk infrastructure is a major factor in the supply of developable land and subsequently housing.

Conclusion

UDIA thanks the Commission for the opportunity to provide this submission, and would welcome the opportunity to discuss any aspect of this submission in greater detail. For further information, please contact UDIA National on 02 6230 0255 or at udia@udia.com.au.

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