INTRODUCTION TO THE PROPERTY COUNCIL OF AUSTRALIA

The Property Council comprises the leading developers, financiers, owners and managers of investment property in Australia. Our members currently own more than $300 billion of domestic assets.

In addition, the Property Council’s members include all the major construction, professional, and trade services suppliers working within the property sector.

The Property Council has divisional representation in every State and Territory.

PROPERTY COUNCIL OF AUSTRALIA’S MISSION

The Property Council’s mission is to champion the interests of the property sector.

CONTACT DETAILS

Property Council of Australia (Tasmanian Division)

GPO Box 1614, HOBART 7001

President: Robert Rockefeller
E mail: robert@nekon.com.au
Phone 03 6224 6511
Mobile: 0418 764 924

Executive Director: Mary Massina
E mail: mmassina@propertyoz.com.au
Mobile: 0408 594 312
EXECUTIVE SUMMARY

The Tasmanian Division of the Property Council of Australia (‘the Property Council’) welcomes the opportunity to respond to the Discussion Paper released by the State Government’s Demographic Change Advisory Council.

While it is encouraging to see the specific details about Tasmania’s demographic future outlined in the Paper, the Government will now need to demonstrate significant political will if it is to provide appropriate solutions to the State’s impending problems.

Despite mounting evidence of a rapidly ageing population, there has been no change to the same tired old practices that have always dogged this State.

The lack of a strategic plan for the State, poorly targeted infrastructure, and an outdated planning system will all count against delivering effective solutions for Tasmania’s future. Indeed actual practical, workable solutions to an ageing population are notably absent.

The Property Council is frustrated by the lack of structural and microeconomic reform over the past decade, which has left Tasmania in a vulnerable position to meet the challenges of an ageing demographic.

Having earned the dubious tag of being the oldest state in the nation in only two years, and with an estimated decline of 540 young Tasmanians aged between five and twelve years each year over the next ten years (equivalent to just under three average sized state primary schools1), the status quo presents serious ramifications for a number of sectors including the property industry.

Unless the Government acts now, the future, and our population, will be looking decidedly grey.

To quote the Productivity Commission, “timely action would avoid a need for costly or inequitable “big bang” interventions later. Population ageing can only be conceived as a crisis if we let it be”2

From the Property Council’s perspective, the following issues require urgent action and are fundamental in any discussion regarding an ageing population:

1 Executive Summary, Demographic Change in Tasmania: Challenges and Opportunities Discussion Paper, March 2007, Demographic Change Advisory Council
1. **Strategic Planning** – the State Government and the Advisory Council must recognise the urgent need for a strategic plan for Tasmania;

2. **Skilled Workforce** – the educational system needs to be refocussed to support labour productivity across the sectors and deliver the services the State needs;

3. **Sustainability of Local Government** – local government needs to be economically and socially sustainable;

4. **Political and community commitment** – the Advisory Council’s work needs bi-partisan support and strong leadership if it is to involve the Tasmanian community in reversing the trends; and

5. **Timelines** – clear timelines are crucial to the development and implementation of effective solutions and communicating these to stakeholders.

The Property Council looks forward to discussing these issues with the Advisory Council. Now is the best time for wide-ranging structural reform, without which Tasmania will neither be able to deal with the challenges nor capitalise on the opportunities that an ageing population presents.
Challenges facing Tasmania.

There are a number of factors that will determine the success or otherwise of the Tasmanian economy and the Tasmanian community: factors such as skilled workforce, a robust education system, strategic infrastructure planning, efficient and effective public and private sectors, and an innovative community. For the Property Council, these are the key issues to be considered in light of demographic change.

An ageing population does not need to be seen as a problem, as it could create some opportunities for the State and its people. However, it will inevitably give rise to economic and fiscal impacts which will pose significant policy challenges and require new approaches at all levels of government.

It is disheartening, therefore, to read in the Discussion Paper the comment:

“… for a range of services that governments provide, there is less scope for productivity improvements relative to many private sector businesses”3.

The strong implication is that the private sector must carry the responsibility for economic efficiencies required for the delivery of services.

The Property Council strongly challenges this view. To quote the McKinsey Report4:

There is “a necessary conversation on the role of government productivity can play in making the coming fiscal challenges more manageable and humane……Over the past decade, a handful of public sector organizations have improved their performance by 5 to 30 percent or more. Often they have chose among the three classic management tools to raise productivity: organizational redesign, strategic procurement, and operation redesign. In the most effective cases, these tools were part of a broader program of cultural change that transformed the organizations performance and measured it rigorously”.

From the Property Council’s perspective it is inherently contradictory to quarantine the government from any reforms that would lead to efficiencies. It is imperative that the Government identify productivity gains that it can pursue directly and help to orchestrate changes within the Tasmanian community.

3. Demographic Change in Tasmania: Challenges and Opportunities Discussion Paper, March 2007, Demographic Change Advisory Council
We would also like to bring to the Advisory Council’s attention the Tasmanian Department of Premier and Cabinet’s (DPAC) submission to the Productivity Commission’s Review into the Economic Implications of an Ageing Australia. This submission identified the economic challenges facing the State, such as economies of scale in service delivery, and workforce and productivity issues, and therefore it is an important resource in the discussion.

The State Government cannot change or control the ageing of the population. However, it can address its effects by recognising issues which impact negatively on its ability to support an ageing population and the economy.

There are five key issues, which, from the Property Council’s perspective, require considerable attention from both the Advisory Council and the Government.

**Issue 1: Strategic Planning.**

The issue of strategic planning covers the following elements:

- Strategic planning from a metropolitan and regional urban development and redevelopment perspective;
- Statutory planning and development assessment;
- Infrastructure planning and funding;
- Community issues of affordability and design; and
- Sustainability and eco-efficiency.

There has been real neglect in infrastructure and strategic planning in this State for some time, which impacts directly on economic growth and will, therefore, be emphasised in any demographic change. For the benefit of all Tasmanians there must be a move away from an “accidental future” to a “strategically planned future” which firmly focuses on sustainability.

Generations of politicians have engaged in “policy on the run” or political expediency, rather than making appropriate decisions for the growth and development of our State.

Planning should be carried out strategically, rather than through the current inefficient command and control approach. This would deliver the infrastructure and land use policies necessary for the social and economic future of Tasmania, such as addressing the increasing demand for aged care facilities.

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As the community ages, the implications of people choosing to age in place will become more apparent and will have a significant impact on settlement and services patterns for urban and regional towns and cities. This will be one of the biggest influences on housing demand and choice for the foreseeable future.

It is the Property Council’s position that the Government’s planning and development policies do not allow for ageing in place urban developments, which could force retired Tasmanians to the fringes of cities and towns, and isolation.

**Issue 2: Skilled workforce**

According to the Advisory Council’s Discussion Paper, in 40 years Tasmania will have one working person for every retired person.

As Tasmania already faces a shortage of skilled workers, this prediction should be of grave concern. The property industry is like many sectors, where shortages in professions such as architecture, town planning, and construction, will impede the industry’s ability to meet growing demand.

In addition, as the population ages there will be increased demand in the areas of health and human services, areas which traditionally have struggled to fill vacancies.

The education sector needs to be refocussed to support labour productivity, to meet the demand for a skilled workforce, to encourage investment, and to promote more efficient resource allocation across industries.

It is the Property Council’s position that improvements to education and improving the skills of the workforce must be addressed urgently as a whole-of-government policy, to ensure that the best outcomes are achieved for Tasmania.

**Issue 3: Local Government**

The Advisory Council’s Discussion Paper highlights the growing demand for the services provided by all three tiers of government, which will come with an ageing population.
Local government is already facing increased demand for its services and is having difficulty attracting and retaining experienced staff. The future sustainability of 29 local councils must seriously be in question particularly when potentially up to one quarter of local councils are not financially viable and the other 50% are at risk.

The Local Government Sustainability Discussion Paper\(^6\) identified that there needed to be “… a large scale consideration of whether it is possible to continue operating in the same way as councils do presently”\(^7\). This suggests that the current structure is unlikely to cope with future demographic challenges.

The Property Council believes that for the Government needs to set out a vision for local government with a focus on its sustainability.

Therefore, the Property Council calls for the Advisory Council and the Government to put this onto the agenda, as it is a threshold issue for dealing with the structural challenges of an ageing population.

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\(^6\) Local Government Association of Tasmania, Local Government Sustainability Discussion Paper, March 2006. This report can be found on www.lgat.tas.gov.au

\(^7\) Ibid, page 4
Issue 4: Political and Community Commitment

While the creation of the Demographic Advisory Council is worthy of praise, there needs to be bipartisan political support for the structural changes that are required which will need to go beyond the term of any one government.

This is an important issue, for while the Government may commit to structural change in order to minimise the effects, and capitalise on the potential benefits, of an ageing population, it will only achieve true reform with bipartisan support.

Key to this is strong leadership, given the need to act decisively and implement structural reform.

The use of community leaders to spread the message and help develop a vision for the State, as occurred with Tasmania Together, is an ideal approach.

Issue 5: Timelines

Given Tasmania has already delayed action for ten years, the timelines for this project will be of critical importance.

While there is no doubt that Tasmania is facing a challenge, there is also a golden opportunity to implement strategically focused structural change.

The Tasmanian community has an opportunity to rethink how it approaches social and economic issues and to challenge current attitudes.

However, we need strong commitment from Government to the process, the outcomes, and a clearly defined timeline of action and implementation.

We’re not getting any younger.
REFERENCES

Demographic Change Advisory Council, *Demographic Change in Tasmania: Challenges and Opportunities*, Discussion Paper, March 2007


Tasmanian Department of Premier and Cabinet, *Tasmanian Government Submission to the Productivity Commission Study into the Economic Implications of an Ageing Population*, November 2004