Ms Alison Watt
Executive Officer
Demographic Change Advisory Council
GPO Box 147
HOBART TAS 7001

Friday, 15 August, 2008

Dear Ms Watt,

Demographic Change in Tasmania: Strategies for addressing challenges and opportunities

Thank you for the opportunity to provide input on this important issue for Tasmania and its future economic growth.

As a major stakeholder in Tasmania’s built environment, we have a very strong interest in the outcomes of this review.

Executive Summary

The Tasmanian Division of the Property Council welcomes the following initiatives in the Discussion Paper:

1. undertake an independent review of business regulation;

2. review of state taxation; and

3. conduct a comprehensive audit of current and long term infrastructure requirements to assist with developing an integrated infrastructure plan.

We recommend another initiative that will help to address demographic change – a metropolitan strategy for Greater Hobart and Launceston.

This would provide a more meaningful and considered approach to residential and commercial development and deliver an integrated approach to land use planning and infrastructure development.

Universal Housing

The Property Council strongly opposes the recommendation that the Government use state planning policy to mandate universal design.
This overly simplistic approach to dealing with an ageing population will place cost and regulatory burdens on home purchasers without actually addressing the needs of the people it seeks to help.

It seems counter-intuitive for a government that believes in housing affordability to prescribe features that will add to the price of a new house, particularly when there is no guarantee that they will ever be needed.

**Discussion**

1. *Undertake an independent review of business regulation*

   The property sector is swamped with red tape and inefficient practices.

   In 2005, a Business Council of Australia study revealed that state, territory and federal governments passed 80,000 pages of legislation back in the 1960s. And they weren’t even trying.

   The Business Council places the dead weight cost of bad regulation at $20 billion a year.

   Tasmania has an opportunity to address this burden.

   The Property Council supports an independent review of business regulation and seeks a system of governance where regulatory solutions:

   - seek to redress situations where there is clearly demonstrated market failure;
   - are only considered after all other options, such as taxation incentives or educational programs have been attempted;
   - are nationally consistent, where implemented, and performance based, where possible;
   - establish a minimum acceptable practice, allowing flexibility and room for innovation;
   - are properly supported with evidence of a demonstrable need prior to the development of the regulations; and
   - are regularly reviewed to ensure that they are achieving the outcomes desired and are still relevant.

   There is an urgent need for change and reform and the State Government should commit to a review of its regulations to identify inefficiencies that may be removed.

2 *Review of State Taxation*

   The Property Council welcomes the proposal for a review of state taxation.

   The State’s current taxation system is outdated and in need of an urgent overhaul.
The Government needs to be weaned off its addiction to inefficient and unproductive property taxes.

In the last ten years, a substantial amount of revenue has come through purchaser duty receipts. Since 1996/97, the take from stamp duties has almost doubled, from $119 million to $233 million.

In the same period, the State Government has seen an almost three-fold increase in land tax revenue from $27 million in 1996/97 to the $87 million predicted for 2008/09 – an increase of 22.3 per cent in the last year alone.

Combined these taxes have contributed over $2.44 billion to State revenue over the last decade, which suggests that Tasmania’s property owners are paying a disproportionately higher rate of tax than other sectors.

This impedes prosperity and affordability.

The Property Council recommends that:

• commercial stamp duty be eliminated in line with growth in GST revenue as it is the least efficient of all business taxes;

• residential stamp duty on all new developments be eliminated to:
  o end the double taxing of new developments, which already pay the GST;
  o improve housing affordability; and
  o stimulate a sector that acts as a high economic multiplier;

• land tax be phased out to decrease business costs, particularly for SMEs, improve housing affordability, and decrease rents. As an interim step, the Government should look at lifting the threshold to $350,000 and moving to a single, low flat tax rate of 1.6%;

• development levies and headwork charges be reviewed reconsidered:
  o public sector debt should be increased to fund infrastructure;
  o where levies and charges are thought necessary, they should only relate to direct costs associated with new developments; and
  o where levies are applied, there should be a direct nexus between the tax and government spending; and

• fire services should be funded through consolidated revenue, rather than as a charge on rates and insurance. This will ensure that all parts of the community contribute to and benefit from this essential government service.
The Property Council looks forward to property taxes being a key component of the investigation by the Government’s proposed Business Regulation and Taxation Reform Reference Group, as part of its long overdue review of taxation.

3. **Conduct a comprehensive audit of current and long term infrastructure requirements to assist with developing an integrated infrastructure plan**

The Property Council fully supports the need for a comprehensive audit and the development of an integrated infrastructure plan.

Tasmania urgently needs a long term public infrastructure strategy that identifies the key projects needed over the next decade to promote the State’s economic growth.

This is hampered by the number of agencies and Ministers who claim responsibility for infrastructure projects, each with their own competing priorities.

Since 2005, the Property Council has been calling on the State Government to release a long term State infrastructure strategy.

This should do more than outline currently funded projects and identify a strategy for future public sector infrastructure priorities.

The release of a Strategic Infrastructure Plan would be important as it signals to the private sector that it can plan ahead with greater certainty.

It will ultimately assist the Government to achieve its own goals of managing and directing growth and planning for Tasmania’s future.

4. **Initiative for Universal Design through introducing a State Policy to amend planning schemes.**

Although the Property Council supports improved access to the built environment for people with a disability, we do not agree with the proposal for a State Policy on Universal Design.

Before the Government introduces another piece of planning policy or regulation that undermines national negotiations on disability access, it should be very clear about what it aims to achieve and why.

It should also understand the potential ramifications of such a decision on industry and the wider community.

*Commercial Development*

The Commonwealth *Disability Discrimination Act 1992* (DDA) already prohibits property owners and managers from discriminating against people on the basis of their disability, whether directly or indirectly.
Nationally there are ongoing negotiations to amend the Building Code of Australia (BCA), which specifies minimum building standards, to ensure it meets the needs of the DDA and to ensure owners and managers are able to comply with their responsibilities.

These will deliver reasonable, achievable, and cost-effective rules for all stakeholders, and the Property Council is a willing and active participant in these negotiations.

By implementing access through the Building Code, we can ensure that practitioners can find the rules they need in the one location, rather than having to reconcile a disparate and contradictory set of regulations.

Introducing accessibility requirements into the planning system will add another layer of compliance without necessarily delivering greater accessibility.

It will increase costs, create confusion, and potentially undermine the Building Code, in direct contravention of the 2005 Intergovernmental Agreement on building regulation.

Creating standards for accessibility takes considerable time, effort, and money – the national negotiations should not be contradicted by ad-hoc planning rules developed in isolation, and without proper regulatory impact assessment.

*Residential Development*

Supporters of universal design rules for residential developments argue that it will make it easier for people to “age in place”.

However, as a public policy initiative it is poorly directed and will lead to new home owners bearing the costs for features that may never be used.

Consider the trends in the market regarding “ageing in place” – changing housing practices and demographics suggest that the desire of people who lived through the Depression to remain in their homes will not be replicated in future generations.

Skyrocketing house prices, higher council rates, smaller family sizes, a greater incidence of self-funded retirement, and the time and costs required for maintenance are increasingly influencing housing decisions.

Trends suggest that first homeowners are staying in their houses for less than a decade and moving to accommodation that better suits their changing needs, while retirees are increasingly downsizing.

In fact research from the Australian Housing and Urban Research Institute (AHURI) has shown that baby boomers, the largest demographic, do not want age in place, but intend to move to a house which suits their purpose.

So proposals to require purchasers of new houses to pay for features that allow adaptability, ultimately seek to force purchasers to subsidize the needs of potential future owners.
They also generally target the needs of only one part of the disability community, such as those in wheelchairs, as a “one size fits all” approach is not possible.

A more commonsense approach would be to educate consumers on what features they may need before they build and to provide economic support for people upgrading existing properties to suit their disabilities.

A “scatter-gun” regulatory approach will fail to satisfy particular accessibility needs and will instead needlessly increase construction costs for all new homebuyers.

5. Developing a metropolitan Strategy for Greater Hobart and Launceston

Dealing with demographic change without a well-prepared urban strategy is a self-deluding exercise.

Creating a metropolitan plan would outline a vision and an action plan for Tasmania’s future population and prosperity.

It can help to address issues arising from demographic change and plan for the community’s needs through an integrated approach to land use planning and infrastructure delivery.

It does this through:

• providing a framework for increasing growth in urban areas, which in turn supports rural areas;
• effective infrastructure planning;
• introducing community endorsed solutions to known areas of concern;
• ensuring better coordination of infrastructure, and therefore reducing costs;
• ensuring that there is a consistent image of the area;
• working through challenges arising from demographic change; and
• delivering greater certainty for the community and investors.

At the heart of any metropolitan plan is a vision, supported by a series of land use plans, and a detailed list of proposed infrastructure projects with costs and timeframes for the next twenty years.

Importantly, it sends a clear message to the investment sector that Tasmania is serious about planning both for its economic future and for its ageing population, creating opportunities for business and the community alike.

The Property Council is very keen to help the State Government develop such a plan.
Next Steps

Tasmania will see significant transformations over the next few decades as a result of its ageing population.

The State Government is right to consider the potential effects of this demographic change.

However, it would be ill-advised not to develop strategies to ensure Tasmania has a sustainable population base and appropriate policies for economic growth.

The State Government has an ideal opportunity to pursue wide-ranging structural reforms, without which Tasmania will neither be able to deal with the challenges, nor capitalise on the opportunities, presented by an ageing population.

The Property Council looks forward to discussing these issues with the Advisory Council.

Who we are

The Property Council of Australia represents the multi billion dollar property investment industry.

Our members are the companies that help shape, build, and finance our cities – companies which have a long term interest in the future of our urban and regional areas.

They include the State’s major investors in office towers, shopping centres, industrial parks, tourism accommodation, and infrastructure, as well as key players in residential property development.

For further information:

Mary Massina
Executive Director
Property Council of Australia (Tas)
GPO Box 1614
HOBART TAS 7001

Mobile: 0408-594-312
Email: mmassina@propertyoz.com.au