

NSW Productivity Commission could help housing supply

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The proposal by the NSW Treasurer to establish a NSW Productivity Commission could dramatically help with housing supply, says the Urban Taskforce.

"The proposal by NSW Treasurer, Dominic Perrottet, to set up a state version of the successful Productivity Commission that operates at the federal level is good news for the supply of housing across the state," says Urban Taskforce CEO, Chris Johnson. "At the federal level the Productivity Commission has been very critical of the anti-competition issues that flow from restrictive zoning and of the amount of red tape in the NSW planning system. They have also critiqued the complex planning systems across Australia as impacting on the nation's productivity."

"A critical role for the NSW Productivity Commission will be to review the impact of the multi-layered planning system has on housing supply and therefore housing affordability. The new commission must look at the haphazard, piece-meal approach to affordable housing where each council seems to be developing its own policy yet the Greater Sydney Commission has a different approach. The NSW Department of Planning and Environment has yet another policy position and Landcom has now been tasked to get involved in housing affordability. These multiple levels of policy interventions seem to be unco-ordinated and confusing and are creating uncertainty and leading to a loss of productivity by the housing industry."

"The report to the NSW Government by the former Governor of the Reserve Bank of Australia, Glenn Stevens, sets out a number of important economic directions that impact on productivity related to housing affordability. Stevens raised concerns that planning decisions were often delegated to very local levels without any representation on behalf of the future population expected to require housing in the state. The NSW Government has stated that 725,000 new homes are required for Sydney over the next 20 years but even in boom times we have not reached the average of 36,200 homes a year. Clearly there is a productivity problem with Sydney's housing supply."

"Glenn Stevens also raised concerns about the zoning and approvals process and that these regulatory costs could add \$150,000 to the cost of a dwelling in Sydney compared to a similar sized dwelling in Melbourne or Brisbane. A NSW Productivity Commission must look at these issues."

"The NSW Productivity Commission must also look at the impact of the government's proposal to remove caps on infrastructure payments over the next four years so that extra costs do not simply add to the cost of housing."

"The Urban Taskforce is keen to work with the proposed NSW Productivity Commission by providing 'on the ground' examples of where well-meaning regulations that control new housing are simply adding significant costs to a new home. There are too many well-meaning state and local government regulations and levies that are contributing to the excessive costs of Sydney's new housing and the new productivity commission will need to take a leadership role on behalf of consumers of new housing."

*The **Urban Taskforce** is a property development industry group, representing Australia's most prominent property developers and equity financiers.*

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