

Population Boom to Push Housing Demand to the Limit

The Housing Industry Association, Australia's largest building industry organisation, welcomes the release of the Federal Government's third Intergenerational Report (IGR). The HIA recognises the report as a timely reminder of the enormous challenges already faced by many other advanced economies and that will increasingly be faced by Australia.

The IGR addresses the big picture issues affecting Australia's social and economic prosperity over the next 40 years focusing heavily on the impact that an ageing population has on key expenditure areas such as health, aged care and superannuation.

The IGR emphasises the key role which immigration will play in limiting the damaging effects which an ageing population can have on economic and social outcomes. Properly targeted immigration will be a vital tool in addressing the inevitable skills shortages Australia will face as workforce participation drops off.

The IGR projects that Australia's population will increase from today's 22 million to 35.9 million by 2050. This larger population will be considerably older and is expected to lower economic growth and add considerable pressure to the Government budget as the working age population proportion shrinks and the retired age proportion increases.

HIA Managing Director, Mr Shane Goodwin said that an increase in the Australian population by 2050 to 35.9 million people would necessitate building 7.1 million new dwellings. Such construction would represent a large increase over the building levels of the past 40 years and require annual building of over 30,000 dwellings per year in excess of 2009 levels."

"Constructing over 7 million new dwellings over the next 40 years raises many serious social and economic challenges. Where will these dwellings be located? Will these dwellings be adequately serviced by appropriate amenities and infrastructure? Will these new dwellings be affordable and appropriate for a more environmentally concerned society?" said Shane Goodwin.

"The challenges described in the IGR require that housing policy be placed front and centre of government policy over the coming years," said Shane Goodwin.

"Current building levels fall well below that required by such strong population growth. Failure to address Australia's severe lack of housing will inevitably lead to further long term erosion in housing affordability and inadequate shelter provided to those most at risk," said Shane Goodwin.

"Commonwealth leadership is required to break through many of the supply impediments. To that end, HIA supports the Federal Government's pledge to link federal infrastructure funding to state and local governments for nationally consistent and appropriate land release and building approvals processes, said Shane Goodwin.

"Land supply issues, high levels of taxation on new housing at all levels of government, and a slow and highly constrained building approvals process continue to stymie the building industry from providing an adequate level of new housing now, much less over the next 40 years. Overcoming these structural barriers will require a concerted effort at all levels of government to ensure that shelter is both adequate and affordable for years to come.

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