

## **Submission from Sustainable Population Australia Inc, Tasmania Branch on Housing Affordability in Australia**

The price of housing (including rents) is determined by the interaction of the supply of housing and the demand for housing. There are two ways to reduce the price of housing (and thus increase housing affordability). One is to increase supply; the other is to reduce demand.

Most of the focus in public debate is on increasing supply. The second option of reducing demand should also be pursued. Australia population is currently growing at a rate of over 300,000 people per year. Most of that, nearly 200,000 is due to net migration flow. The rate of immigration is at a record high.

Because population growth, and thus growth in housing demand is so great, the supply of new housing cannot keep pace with that increase in demand.

There is a simple and cheap solution: reduce population growth. This could be done very easily by reducing the number of immigrants given permission to enter Australia each year. In the last decade the rate of immigration has more than doubled. This is largely because of the increase in skilled migration. There is an alternative, which is to train Australians to do the jobs employers require. Employers could also be encouraged to employ people with disabilities and older Australians.

Population growth can also easily be reduced by reducing the birth rate. One way to do this would be to abolish the baby bonus. Another would be to advocate for a reduced birth rate.

In summary, an easy and readily achievable way of increasing housing affordability in Australia is to reduce population growth, mainly by reducing immigration and also by reducing the birth rate. This solution would cost virtually nothing in financial terms. In contrast, schemes to increase the supply of housing are likely to cost very large amounts of money.

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