

20 February 2026



Committee Secretary
Senate Standing Committee on Community Affairs
by online portal or by email to productivity.sen@aph.gov.au

Dear Senator Andrew Bragg and fellow Committee members

Inquiry into Productivity in Australia

Our submission is concerned with a single term of reference within the Inquiry:

(b) objectives for a multi-decade national settlement strategy to achieve a more balanced distribution of population between cities and regional Australia, with a view to enhancing economic resilience, productivity and social cohesion;

Our position is clear: **the Abundant Housing Network Australia wholesale opposes the creation of a National Settlement Strategy.** Such a strategy is flawed from first principles, and its proponents lack both evidence of its alleged benefits and viable methods for its implementation.

The Inquiry should find it telling that those lobbying for decentralisation almost exclusively live in our major cities—rather than in the places where they believe *other* people should be forced to live.

The inquiry should consider first and foremost the revealed preferences of both decentralisation advocates and ordinary Australians. Both overwhelmingly choose our existing large cities because these places are, and will remain for decades to come, the nation's great engines of opportunity and prosperity.

To increase productivity, we should harness the power of the cities we have, and empower people to live and work within them should they choose. That is the recipe for a productive Australia—a society that is free and open, not one that is closed and centrally planned.

Yours sincerely

Jonathan O'Brien, on behalf of the

Abundant Housing Network Australia

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Select Committee on Productivity in Australia

Abundant Housing Network Australia | February 2026

WHO WE ARE

The Abundant Housing Network Australia is a national alliance of independent, grassroots campaigners working to build a new vision for housing and cities—one that's more sustainable, liveable and affordable for everyone.

Our members — Greater Brisbane, Greater Canberra, Sydney YIMBY and YIMBY Melbourne — came together in 2023 to forge a new urbanist politics that brings together renters, homeowners, planners, transport advocates and all lovers of cities.

We represent thousands of people across Australia who want to see their cities grow and mature, who want secure and affordable rentals and who want to live near their families, friends and communities — but who feel drowned out by a debate dominated by a few loud voices.

We believe housing abundance—**building more homes where people want to live**—is key to solving the housing crisis and building the kind of cities people love.

Abundance gives everyone greater choice in where they live, gives renters better bargaining power, encourages better use of public infrastructure, and is more environmentally sustainable than sprawl.

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ACKNOWLEDGEMENT OF COUNTRY

The Abundant Housing Network Australia acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land and community. We would like to pay our respects to their Elders, past and present.

A broken housing system hurts First Nations people more sharply than others and housing equity is a step on the path of justice and reconciliation we have failed to take.

We acknowledge that we are on stolen land and that sovereignty was never ceded.

This always was and always will be Aboriginal land.

EXECUTIVE SUMMARY

The Abundant Housing Network Australia strongly opposes the creation of a National Settlement Strategy.

While the stated goal is to align levels of government on urban settlement, the strategy is fundamentally underpinned by the flawed “predict and provide” model of legacy urban planning.

History shows that these top-down projections are frequently inaccurate—such as in Melbourne, where actual growth outpaced projections by nearly one million people between 2000 and 2019. This inaccuracy created real, material problems: because governments were working to the model, rather than the reality on the ground, wealthy areas were empowered to underprovision housing and infrastructure.

Melbourne’s housing shortage exists in large part because we gave policy weight to poorly calibrated long-term predictions.

At its most fundamental, the National Settlement Strategy hinges on the assumption that population growth is detrimental to local communities and to our nation.

We reject that assumption outright, and any good Government should as well.

If built on these terms, implementing a National Settlement Strategy would result in:

1. **Erosion of national productivity:** Australia's large cities are the engines of the economy, with 80% of activity occurring on just 0.2% of land. Diverting workers to regional areas through urban containment would create a "productivity ceiling" and deprive workers of the higher wages and more productive work found in dense, high-matching labor markets.
2. **High-cost fiscal inefficiency:** Implementing a National Settlement Strategy would require massive public subsidies to incentivise businesses and residents to move to places they would not otherwise choose.
3. **Economic welfare loss:** The social and economic harm of decentralisation go well beyond costs to the state. A National Settlement Strategy would require micromanagement of land and development by a central authority, and would result in enormous inefficiencies as the government works against—rather than with—the will of its constituents.
4. **Long-run policy misdirection:** Spatial policies reliant on inaccurate long-term projections create destructive feedback loops frequently used to justify further more expensive, unproductive policy interventions.

5. **Environmental damage:** Any attempts to decentralise our population will definitionally require more inefficient land use. Dense, thriving cities reduce transport emissions and forego the need to clear huge amounts of land to accommodate sprawl in the regions.

Rather than developing an ill-conceived and deterministic Strategy that seeks to redirect growth away from our nation's most successful areas, the Commonwealth should instead redouble investment in what's already working, and enable our largest cities to grow faster and more efficiently.

True productivity will come not from more intervention in Australian land use, but less. By removing the "productivity ceiling" imposed by urban containment, we can enable our major cities to grow and mature by allowing an increase in both dense housing supply and commercial floorspace. This, in turn, will enable more Australians to access the high-wage, high-productivity opportunities that only large, dense urban cities can provide.

Recommendation | *That the Committee rejects the establishment of a National Settlement Strategy that would aim to force population growth away from existing large cities to peripheries or regional centres.*



1 | **A National Settlement Strategy will make us all poorer**

A National Settlement Strategy represents a fundamental misunderstanding of urban economics—a misunderstanding that, if acted upon, will make all Australians poorer.

At its best a National Settlement Strategy will merely mislead decisionmakers on what the future of Australia will look like. At its worst it will waste billions of dollars, increase the cost of housing, increase inequality, and decrease national productivity.

This is true of the National Settlement Strategy in the way it is commonly characterised: as an explicit strategy focused on changing settlement patterns, through a national planning framework aimed at “balancing” population growth between regional and urban Australia.

How such a policy would be implemented is unclear, and the proponents of the Strategy shy away from ever giving any details. But what we know for certain is that any such Strategy would be costly, and would work against the broader interests of our nation. In this section, we detail why.

1.1 | **The Strategy would work against Australian preferences**

This submission, as per the terms of reference, assumes that a National Settlement Strategy would explicitly target a shift in settlement patterns away from our major cities and towards regional Australia.

This is despite the overwhelming trend of Australian urbanisation. The reality is this: when given a choice, Australians choose to live in cities. Young people, having been born in the country, choose cities. Recent migrants choose cities. Businesses and firms of most industries choose cities. Government departments choose cities. Indeed, most of the people who advocate for a National Settlement Strategy choose cities.

Cities are the sum of the people who have made the choice to live there. We are better, more productive, and more prosperous because we have allowed people to make this choice. But we are poorer than we could be because we have failed to ensure our cities remain affordable.

As such, it should be clear that the proposed Strategy would explicitly work against the revealed preferences of Australians—and in turn against the aims of this Inquiry. It would do nothing to increase our nation’s productivity.

1.2 | The Strategy would lack statutory weight

One of the core touted benefits of a National Settlement Strategy is that it might enable all levels of Government to utilise a consistent land use regulation framework. This would, hypothetically, allow greater inter-government coordination for the delivery of infrastructure.

But unlike State and Territory-level strategic plans, which often hold statutory weight, a National Settlement Strategy would not constitutionally bind the decisions of state and local governments. In order to operate, such a Strategy would need the willing consent of all levels of Government in perpetuity.

This is extremely unlikely to happen. Given the costs the Strategy would impose on states, it is unlikely to maintain their commitment. History shows that Commonwealth-led spatial strategies both struggle to get all State and Territory Governments all on board and survive the changing of Government.¹

1.3 | The Strategy would consist largely of guesswork

A National Settlement Strategy would be necessarily underpinned by long-term predictions. The problem is that such predictions are usually wrong. Even proponents of such a Strategy bemoan—while calling for the implementation of such a Strategy—that the Australian Bureau of Statistics is unable to accurately forecast population growth and dispersion.² It is unclear to us who, if not the ABS, would be able to provide more accurate predictions.

The problem is that demographic and settlement predictions are mainly based on linear trends that rapidly fall out of date due to shifts in preferences, policies, macroeconomic factors, and any number of complexities that exist in the real world.

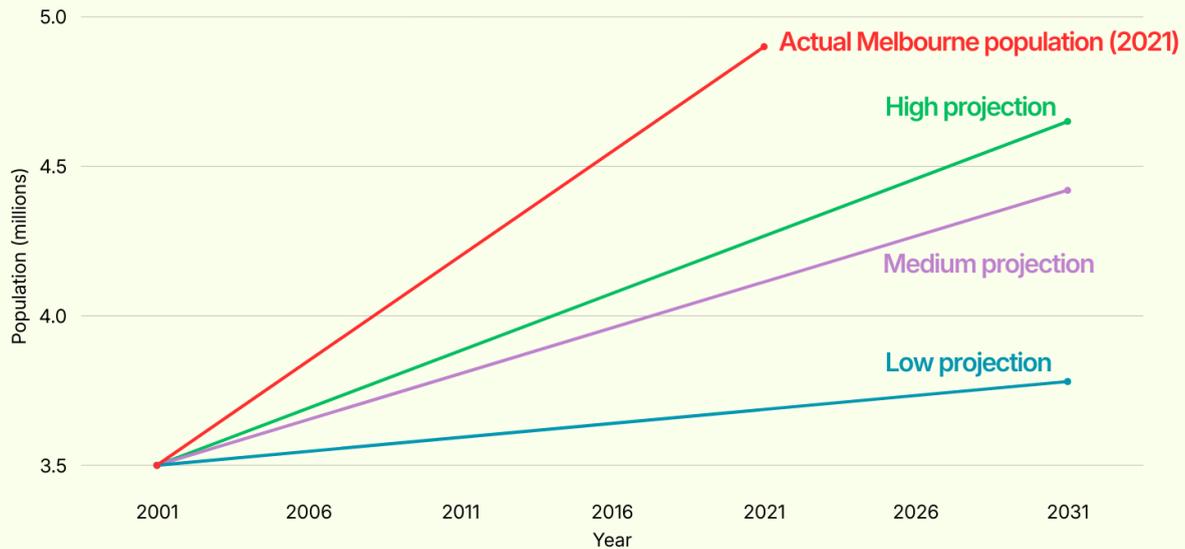
Take one example: Melbourne's 2001 spatial strategy, *Melbourne 2030*, which estimated that Melbourne's population would range from 4.6 to 3.8 million by 2031.

¹ See the decentralisation program overseen by the Department of Urban and Regional Development (1972 to 1975), or the Morrison Government's attempt to put in controls to determine where migrants settle in 2018.

² Planning Institute of Australia (2018), [Through the Lens: the tipping point](#)

Population growth projections for Melbourne 2030 was wildly inaccurate

Population growth projections (millions) for Melbourne 2030 (Melbourne's 2002 spatial plan) vs actual population in 2021



Source: Australian Bureau of Statistics, Series C, R & S Projections, 2000, modified for the region by Department of Infrastructure; Australian Bureau of Statistics, Regional population, 2021

This estimate was incorrect. Melbourne's population had already reached 4.9 million by 2021.

Legacy planning frameworks are based on the false idea that governments can simply "predict and provide" for the future. But the truth is that the world is far too complex for planners or anyone else to make accurate predictions about the future at any long time horizon. Time and time again we see that cities move much faster than the lines on maps that attempt to shape them.

Rather than a single National Settlement Strategy, it may be more productive to consider a set of National Settlement *Tactics*—a set of tools that would enable land use regulators and spatial planners to measure and respond to real-time signals such as congestion, rents, land prices, and air quality.³ These shorter-run policy interventions, based on up-to-date signals from the real world, would be of much greater benefit than a long-term "strategy" based on a small minority's normative preference for greater regional development.

We must not reshape our country based on poorly founded predictions. Policy based on bad predictions impacts the real world and creates destructive cycles.⁴ To give one such example of bad predictive policy and its consequences, we can examine the consequences of the circular set of predictions known as 'Victoria in Future'.

³ For more on this, please see the AHNA [submission](#) to the 2025 *Creating a more dynamic and resilient economy* inquiry, and Jonathan O'Brien's [The Problem with Urban Planning](#).

⁴ George Soros (2014), [Fallibility, reflexivity, and the human uncertainty principle](#), Journal of Economic Methodology

Case study: the vicious circle of the Victoria in Future numbers

Up until recent planning changes, Victoria's local councils were required to provide sufficient potential housing capacity for the future population as predicted by a forecasting tool known as Victoria in Future (VIF). This tool was managed by the Department of Transport and Planning, and informed planning policy for years.

The problem was that the VIF predictions were derived in no small part from the existing housing capacity of each local government, known as their "capacity to absorb". If an area had banned dense housing across most of its land, then its capacity to absorb was deemed low, and VIF predicted that they would see low population growth. And so they were not required to zone for a greater level of growth. Local governments who restricted housing development were able to use the flawed prediction model in order to justify doing so.

This self-fulfilling prophecy of scarcity had consequences. Low-growth, high-cost suburbs became further segregated, and housing in these areas became more scarce. Access to the city was reduced, and some inner-city schools in affluent areas closed due to the total number of children actually going *backward*.⁵

Bad predictions and so-called strategy enabled Melbourne's wealthiest areas to justify not building housing. Indeed, this is the kind of outcome a National Settlement Strategy would seek to replicate, as a policy almost exclusively advocated for by well-off incumbent city-dwellers who would simply rather that the growth go somewhere other than where they already live.

Predicting growth will always be more difficult than measuring things like prices, which are a signal of demand. Rather than prognosticating about where people might want to live in the future, we should instead ask where they want to live right now, and then we should continue asking that question every day until the future becomes today.

⁵ Katie Roberts-Hull (2025), [The Price Children Pay for Exclusive Suburbs](#), Inflection Points

1.4 | The Strategy's implementation would be expensive, politically challenging, and detrimental to Australians living standards

All discussions of a hypothetical National Settlement Strategy to date have been devoid of implementation strategies. The few times the advocates of the Strategy come close to discussing specific mechanisms, it becomes clear that the policy would be broadly untenable to the Australian public, and would do little to address any actual problems our nation faces.

The most recent piece of writing about the Strategy came in 2025, from Julian Bolleter and Robert Freestone, in *Planning for a Continent of Cities*. Despite the lofty title, the authors spend very little time actually detailing how one might actually implement any policy that might result in their desired "continent of cities". Toward the end of the book, in a brief section totalling just 144 words, titled *How a National Strategy could influence settlement patterns*, they offer only two policy mechanisms that a National Settlement Strategy might use:

First, national guidance can delineate future urban growth areas and **establish spatial limits** for existing cities to effectively reduce the growth rate of city populations.

Second, it can coordinate federal, state and local government investments in enabling infrastructure, land development, urban services and employment generation to attract investors and **incentivise the population to migrate** and relocate to these areas.⁶

The proposed mechanisms, then, are two-fold:

1. Restrict housing growth and development in existing, high-demand areas, and
2. Spend a lot of money convincing people to go somewhere else.

Unfortunately, both of these proposed policy mechanisms would have significant negative consequences for Australians and the broader economy.

First mechanism: "Establish spatial limits"

Urban containment policies—or any planning policy that aims to reduce the rate of growth of cities—are the primary driver of higher housing costs.⁷ The best

⁶ Julian Bolleter and Robert Freestone (2025), *Planning for a Continent of Cities*, UWA Press

⁷ Alain Bertaud (2019), *Order without Design: How Markets Shape Cities*, MIT Press; Schlomo Angel (2012), *Planet of Cities*, Lincoln Institute of Land Policy

implementation plan that proponents of the Strategy have is to make housing so expensive that poorer people are priced out and forced to move.

Setting to one side the brazen inhumanity of this approach, it is worth noting that it would be unlikely to work. People who face high housing costs in areas of opportunity typically live in informal settlements, rather than moving away.⁸ This is a rational decision: maintaining access to opportunity means that you may be able to afford a better standard of living in the future. Moving away just means no more opportunity.

It is worth noting that these policies will not just affect those “settling” in Australia. Urban containment policies are blunt instruments that cannot delineate between future and current residents. This implementation plan would both lower the standards of living and increase the cost of housing for everyone who calls Australia home.

Second mechanism: “Incentivise the population to migrate”

The National Settlement Strategy would require massive public subsidies to incentivise both companies and residents to move to areas designated by planners. That this is a core tenant of such a Strategy demonstrates an awareness among its proponents that the policy would result in an enormously inefficient spatial allocation of resources.

At the outset, businesses will be unwilling to move to new cities or towns far away from their existing clients. And people will be unwilling to move away from their families and communities. And so they will have to be bribed. These bribes, in the form of public subsidies and concessions, will need to be enormous in order to incentivise people to both move away and stay away, which, to be clear, is what proponents of the Strategy want to happen.

These massive public subsidies will put significant strain on public finances at a time where the budgets across the country are already bloated. Premiums required to incentivise workers to move to new cities have only grown over time.⁹

We question whether National Settlement Strategy proponents have even attempted to think through the consequences of implementation in full. As mentioned previously, we are yet to see any evidence of any serious plan for implementation.

We are also yet to see any compelling case for why we would undertake such a programme as a nation. What would be the material benefits of this Strategy? The proponents also cannot say.

⁸ Luciene Pereira (2026), [Urban slums: Stepping-stone for some and traps \(or shields\) for others](#), Centre for Economic Policy Research

⁹ Idiosyncratic tastes and strong local ties (the desire to stay in one's hometown) mean workers require higher premiums to move, making labor supply imperfectly elastic. See: Gabriel M. Ahlfeldt et al. (2025), [The urban quality of life premium](#)

2 | Larger cities are the backbone of Australia's economy — let's not break it

Economic activity in Australia, as in any other nation, is not equally distributed. A stunning 80% of our nation's economic activity takes place on just 0.2% of our total landmass. This 0.2% is overwhelmingly our large cities: the backbone of our economy.¹⁰

Policies that aim to redirect investment and people away from our major cities are policies that aim to break the backbone of our economy. The National Settlement Strategy would be one such policy.

As the Grattan Institute highlights in their recent *More homes, better cities* report:

The density of cities, clustering workers and firms together, generates increasing economies of scale known as 'agglomeration effects'.

*And **a larger labour market is a more efficient one.** It attracts talented workers and facilitates better—and more productive—matching between them and employers.*

Workers in Sydney earn almost 25 per cent more on average than in Adelaide, for example.

City workers typically earn about \$8,000 a year more. A young person who moves from a regional area to a capital city can be up to \$15,000 a year better off than those in the same industry who remain in the regions.

Larger and more dense cities have higher productivity.

International surveys suggest that a 10 per cent increase in employment density leads to wages increasing by up to 0.4 per cent.

One Australian study found that wages increase by 1.6-to-2.7 per cent if local density doubles. Another found that every doubling of employment density raises wages by 1-to-4 per cent.¹¹

¹⁰ Jane-Frances Kelly and Paul Donegan (2014), [Mapping Australia's economy: Cities as engines of prosperity](#), Grattan Institute

¹¹ Brendan Coates, Joey Moloney, and Matthew Bowes (2025), [More homes, better cities: Letting more people live where they want](#), Grattan Institute



It is critical to recognise that these sorts of benefits do not accrue to smaller cities, especially new ones, and that by forcing growth away from high-wage capital cities toward subsidised regional centers the government would be making an active choice to lower national average incomes.

Every worker diverted from a major city is a worker deprived of the agglomeration premium—the \$8,000 to \$15,000 annual income boost that comes from working in a dense, high-matching labor market.

When we disperse the labor pool to meet arbitrary settlement targets, we dilute the density required for the innovation and matching that drives modern Australian prosperity.

Researchers suggest that if restrictive land-use regulations in the United States' most productive cities — such as San Francisco, New York and San Jose — were loosened to the level seen in the median US city, it would increase the national GDP by 9.5%.¹²

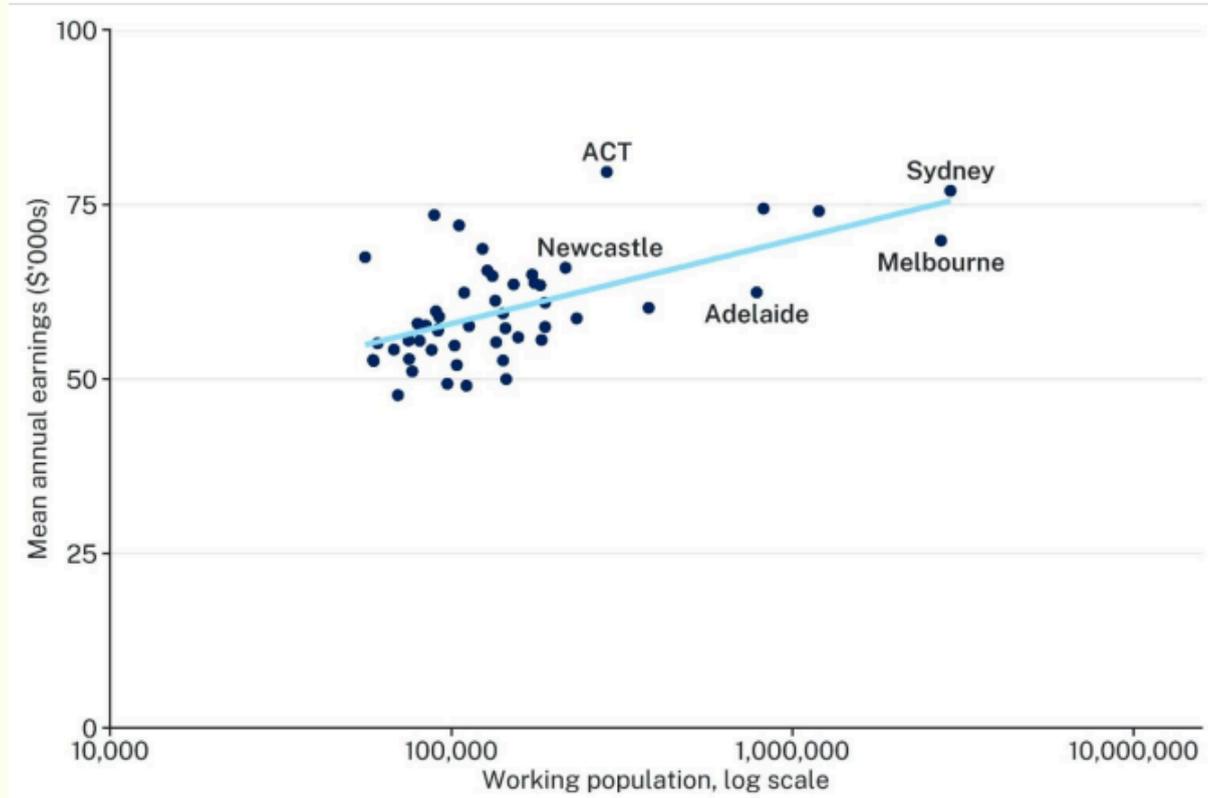
Similarly, the NSW Productivity Commission modelling found a clear relationship between incomes and the size of cities, and demonstrated that relaxing housing supply constraints to allow more people to live in big cities could add 1.5% to our nation's GDP.¹³

¹² Chang-Tai Hsieh and Enrico Moretti (2015), [Why Do Cities Matter? Local Growth and Aggregate Growth](#), Kreisman Working Paper Series in Housing Law and Policy

¹³ NSW Productivity Commission (2024), [What we gain by building more homes in the right places](#)

Figure 12: Workers in larger cities earn more on average

Larger Australian cities by working population and mean annual earnings, 2019-20



Note: Each dot represents a capital city or SA4 if outside a capital city. Statistical areas with a working population of less than 50,000 are omitted.

Source: ABS; NSW Productivity Commission.

Agglomeration effects are not exclusive to the traditional service economy; they are also the primary drivers of creative innovation. For instance, research on New York City found that prominent authors increased their literary output by 15–20% upon moving to the city.¹⁴

By thinning out our city's populations, we risk destroying the creative ecosystems that allow Australian art, literature, and innovation to compete on the world stage.

¹⁴ Lukas Kuld, Sara Mitchell and Christiane Hellmanzik (2025), [Manhattan Transfer: Heterogeneous productivity effects of agglomeration in American authorship](#), Regional Science and Urban Economics, Volume 11

3 | The most sustainable way to grow Australia's population is to focus on our cities

Dense cities are the most environmentally sustainable way to house a growing population. When people live close to workplaces, shops, services and fun, they travel shorter distances and are less reliant on driving to get around, reducing emissions from transport—the fastest-growing source of emissions in Australia.¹⁵

Doubling the population density of a city halves vehicle use and emissions as people take fewer, shorter trips.¹⁶ These benefits extend to other forms of emissions as well: considering all sources of emissions, doubling density lowers emissions by between 22% and 55%.¹⁷ Grattan Institute analysis found that by itself, relaxing restrictive planning controls in our major cities could reduce national emissions by an additional 2-5% on current levels by 2050: a meaningful part of our net zero target.¹⁸

Decentralising the population would actively work against the government's decarbonisation commitments under the Paris agreement, and would undermine the good work being done elsewhere across the economy to speed up the net zero transition.

In addition to increasing emissions, growth in the regions is also substantially more ecologically damaging than in major cities. Preferences dictate that new homes in the regions are overwhelmingly low-density, detached houses on large blocks, necessitating large amounts of land clearing and demolition. Research by the Centre for International Economics found that decentralising Victoria's population growth would require 500 square kilometres more land-clearing by 2050 than a scenario where the state's population growth was focused on densifying Melbourne.¹⁹ Put another way, by decentralising just one state, we will be required to bulldoze over an extra 70,000 football pitches of our nation's farmland and reserves.

It is clear from this that a National Settlement Strategy would be a high cost policy intervention not just economically, but environmentally as well.

¹⁵ Rau, L, Rowe, H, and Powell, R (2024) [Decarbonising Australia's Transport Sector: Diverse Solutions for a Credible Emissions Reduction Plan](#)

¹⁶ Lee, B and Lee, S (2020), *Comparing the impacts of local land use and urban spatial structure on household VMT and GHG emissions*, Journal of Transport Geography, Volume 84

¹⁷ Castells-Quintana et al (2021), *Air pollution in an urban world: A global view on density, cities and emissions*, Ecological Economics, Volume 189.

¹⁸ Brendan Coates, Joey Moloney, and Matthew Bowes (2025), [More homes, better cities: Letting more people live where they want](#), Grattan Institute

¹⁹ Centre for International Economics (2023), [Economic, social, and environmental impacts of alternative urban development scenarios for Victoria](#)

CONCLUSION

We do not need to impose these costs on ourselves.

The National Settlement Strategy, if implemented, would be a very expensive intervention. This is not to say there would be no localised benefit to regional areas that would receive the large amounts of hypothetical subsidies and taxpayer investment. But any of these localised benefits would come at enormous costs borne by the Australian population writ large.

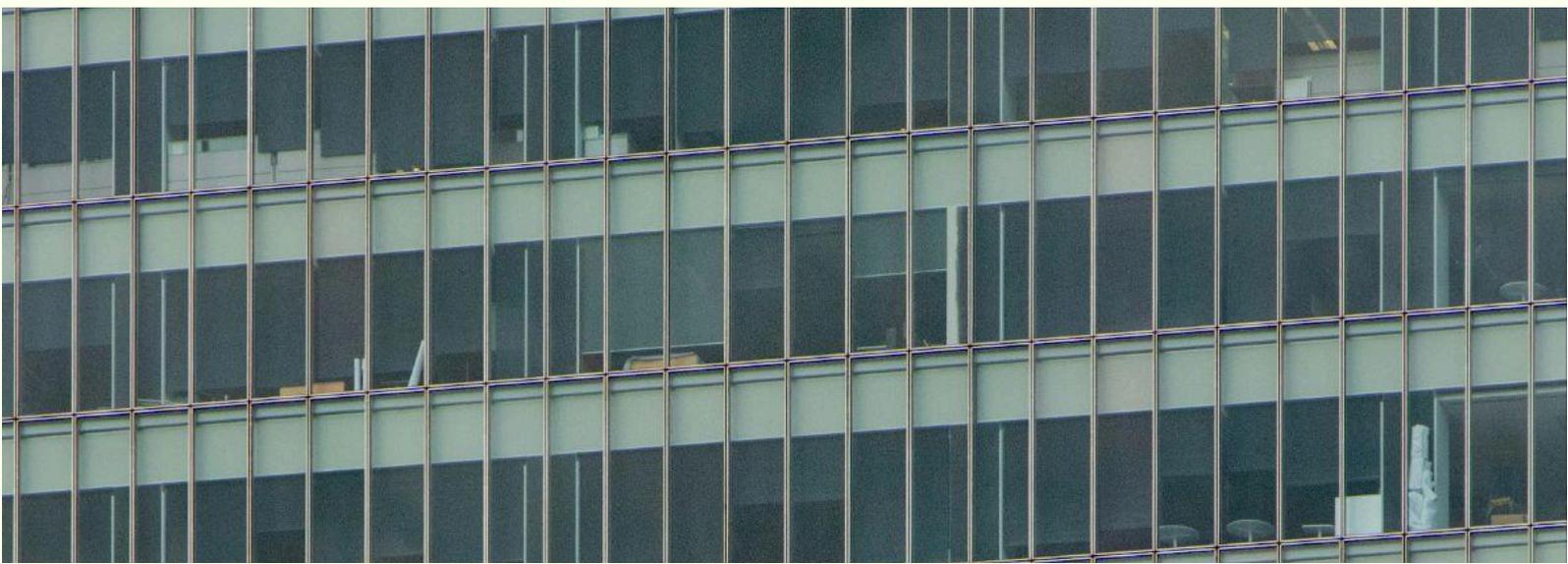
These costs will be in the form of lower productivity, lower wages, and a less prosperous and sustainable Australia.

And for what? In service of what material benefit would the Strategy be implemented? Why would we carve up our nation in this way? Is it because certain people think our cities are too big? Because they'd rather young people and new migrants live somewhere other than where they already do?

We implore the Committee to ask these questions of the Strategy's proponents. The answers you receive will be telling and important.

Meanwhile, it remains our strong belief that a National Settlement Strategy would be economically, socially and environmentally disastrous. And it is our equally strong belief that those who advocate for such a policy cannot articulate its costs, benefits, tradeoffs, or ultimate purpose. There is no reason to believe that this policy would be anything more than a very expensive failure.

It is on these grounds that we strongly oppose the establishment of a National Settlement Strategy, and encourage the Committee to do the same.



Submission to the Select Committee on Productivity in Australia

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