

# POLICY WATCHDOG AUSTRALIA

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## SUBMISSION TO THE PRODUCTIVITY COMMISSION

Inquiry into Housing Supply Regulation

From: Policy Watchdog Australia | 1 June 2026

<b>Addressee</b>	Productivity Commission — Housing Supply Regulation Inquiry
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## 1. Executive Summary

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Policy Watchdog Australia strongly supports this inquiry and urges the Commission to recommend structural reforms to Australia's housing regulatory system that are large-scale, durable, and accompanied by the infrastructure funding necessary to make them effective. The current system is producing a forecast shortfall of approximately 262,000 dwellings against the National Housing Accord (the Accord) target, and no state or territory is forecast to meet its population share of that target. The primary causes are structural: restrictive zoning in well-located areas, slow and fragmented development assessment, escalating and unpredictable developer contributions, and poor coordination of housing-enabling infrastructure.

The evidence points toward four highest-return reforms: large-scale, by-right upzoning around established transport nodes and town centres; binding development assessment performance benchmarks with deemed-approval backstops; state-led coordination and fast-track pathways for complex approvals; and simplification of the cumulative charge and tax load on new housing. An industry-commissioned economic model — which includes imputed land-restriction costs alongside cash charges and should be read as an advocacy estimate rather than a neutral receipts tally — places government taxes and regulatory costs at 41–49% of total new housing costs in major cities. The Commission should also recommend national regulatory neutrality for modern methods of construction (prefabrication and modular building), and require that any upzoning be accompanied by funded infrastructure sequenced with land release so that density uplift is not merely theoretical.

The costs of undersupply are not distributed evenly. Renters, first home buyers, low-income households, and First Nations communities bear the sharpest impacts. Any reform package must embed distributional monitoring. Reforms that trade away minimum amenity standards — solar access, minimum floor areas, acoustic privacy — risk worsening outcomes for those least able to enforce quality through the market.

**Key findings:**

- Australia will fall approximately 262,000 dwellings short of the Accord target by June 2029 on current trajectories (National Housing Supply and Affordability Council forecast).
- Development assessment times range from approximately 50 days to 289 days across councils within a single state, against a statutory benchmark of 40 days, with no systematic reduction evident despite repeated reforms.
- The regulatory and tax burden on new housing is material. Government taxes, charges and regulatory costs are estimated at 41–49% of total new housing costs in major cities, though this figure includes imputed land-supply restriction costs and should be verified against primary cash-flow data.
- Large-scale upzoning in Auckland, New Zealand, is estimated to have added approximately 43,500 dwellings within six years of the 2016 Unitary Plan and is associated with meaningful rent moderation (Greenaway-McGrevy and Phillips, *Journal of Urban Economics*, 2023).
- State-led fast-track bodies in New South Wales, Queensland, and Victoria are generating substantial pipelines but most homes are not yet built. These are early-stage indicators, not evidence of delivered supply.
- Residential construction productivity has declined approximately 53% (dwellings per hour worked) since 1994–95, and modern methods of construction face regulatory barriers that effective reform could remove.

**Key recommendations:**

- Mandate large-scale, by-right upzoning around established transport corridors and town centres in all jurisdictions, modelled on the Auckland Unitary Plan in scope and by-right nature.
- Require all jurisdictions to publish binding development assessment performance targets with deemed-approval backstops, and expand publicly available council-level performance reporting.
- Require state-led coordination bodies with parallel referral authority and enforceable six-month maximum decision timelines for eligible projects.
- Harmonise, cap, and pre-notify developer contributions across jurisdictions to reduce uncertainty and improve project feasibility.
- Mandate by-right regulatory treatment for certified modular and prefabricated building systems across all jurisdictions.
- Tie Commonwealth infrastructure funding to published, annually updated infrastructure sequencing plans aligned with land release.

- Require annual distributional reporting on housing outcomes for renters, first home buyers, low-income households, and First Nations communities.

## 2. About Policy Watchdog Australia

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## 3. Introduction and Context

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Australia does not have enough homes, where people need them, at prices they can afford. The National Housing Accord committed all levels of government to building 1.2 million new, well-located homes over the five years from mid-2024. The National Housing Supply and Affordability Council (NHSAC) now forecasts approximately 938,000 completions over that period — a shortfall of approximately 262,000 dwellings against the target. No state or territory is forecast to meet its population share. Net of approximately 113,000 demolitions, net new supply of approximately 825,000 dwellings falls around 79,000 below new underlying demand.

The affordability consequences are severe. Australia's dwelling-price-to-income ratio reached a record high of approximately 8.4 in late 2025 (NHSAC, State of the Housing System 2026). A typical first home buyer saving a standard deposit faces an estimated timeline of 10.6 years. The median household directs approximately 50% of pre-tax income to service a new mortgage and approximately 33% to rent a new lease. National rental vacancy rates have remained well below the 3% threshold conventionally associated with market balance.

The housing shortfall does not affect all Australians equally. Renters, first home buyers, low-income households, and First Nations communities bear the greatest burden. Among those with housing wealth, the current system largely functions. Among those without it, the costs are material: reduced labour mobility, deferred family formation, overcrowding, and housing stress that compresses spending on health, food, and education. Overcrowding and housing insecurity have direct consequences for physical and mental health. Housing instability also erodes the social connection and community belonging that stable neighbourhoods provide.

The binding constraints on housing supply are structural and regulatory. They include restrictive zoning that prohibits viable higher-density development in well-located areas; approval processes that are slow, fragmented, and uncertain; developer contributions that compound other cost pressures; and infrastructure frameworks that sequence delivery poorly. The terms of reference rightly focus on these structural levers. This submission addresses each of the seven information requests in turn.

## 4. Key Issues and Analysis

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### 4.1 Priority Regulatory Reforms (Information Request 1)

The evidence consistently identifies four reforms as having the highest expected return in terms of additional housing supply: large-scale upzoning, binding assessment performance benchmarks, state-led approval coordination, and reduction of the cumulative charge burden. All four are necessary; none alone is sufficient.

#### Large-scale, by-right upzoning

The Productivity Commission's own prior work found that restrictive zoning rules are the biggest regulatory barrier to building homes. The international evidence is consistent. Auckland's 2016 Unitary Plan upzoned approximately three-quarters of residential land and trebled feasible dwelling capacity. A peer-reviewed analysis estimated that the reform generated approximately 43,500 additional building consents within six years — roughly 9% of the city's dwelling stock. Subsequent analysis found rents moderated meaningfully relative to the counterfactual, with Auckland improving substantially on international housing affordability rankings.

Three features of the Auckland reform explain its effectiveness: it was large-scale (covering most residential land, not selected precincts); it was by-right (compliant proposals did not require individual discretionary assessment); and it was not offset by new controls that reduced the number of feasible projects. Australian reforms have tended to be narrower — selected station precincts, specific zone categories, targeted overlays — and have not achieved the scale necessary to move aggregate supply materially.

The Commission should note that upzoning is necessary but not sufficient. Finance costs, construction costs, and developer confidence are co-determinants of whether upzoned land is actually built. This submission recommends that upzoning be accompanied by contribution reform and infrastructure sequencing to ensure feasibility is restored alongside legal permissibility.

#### State-led coordination and fast-track pathways

Long and complex approval processes cause cascading delays and in some cases deter development because of holding costs. State-level coordination bodies — the New South Wales Housing Delivery Authority, Queensland Economic Development Queensland, and Victoria's Development Facilitation Program (clause 53.23 pathway) — are showing early throughput gains. Queensland Economic Development Queensland approved a record 8,003 homes and lots in Priority Development Areas in 2024–25 and reports tripling assessment speed. Victoria's Development Facilitation Program pathway has cut eligible project timeframes from over 12 months to approximately four months.

#### Feasibility and the charge burden

No supply reform will work if projects are not financially viable. Reducing and pre-notifying developer contributions is the most direct lever to restore feasibility at the margin, where most supply decisions are made. This is addressed in detail in section 4.6.

### **Finding 1:**

The highest-return reforms are large-scale by-right upzoning, binding assessment performance benchmarks, state-led approval coordination, and reduction and pre-notification of developer contributions. All four are necessary. Upzoning without restored feasibility delivers paper density, not dwellings.

## **4.2 Approval Process Burden (Information Request 2)**

The approval process involves three sequential stages: development approval, building approval, and final construction approvals (occupancy certification). Each stage carries its own documentation requirements, referral obligations, and assessment timelines. The cumulative effect is a process that is slow, variable, and opaque.

### **Development assessment**

Development assessment timelines vary enormously. In New South Wales, published council data for 2024 shows averages ranging from approximately 50 to 61 days for the fastest councils to 289 days for the slowest, against a statutory benchmark of 40 days. Seven councils in one state exceeded 215 days on average. This variance is not principally explained by application complexity.

The most onerous steps are: preparation of pre-application documentation across multiple report types; sequential — rather than parallel — referral to state agencies and utilities; open-ended information requests that restart the assessment clock; post-approval condition satisfaction; and subdivision approval and titling. Regulatory burden can be reduced through: code-based assessment for compliant proposals; mandatory parallel referral; binding time limits with deemed-approval backstops; adequate council resourcing; and artificial intelligence triage to reduce requests for information. New South Wales is piloting artificial intelligence assessment tools at both council level and for larger complex projects. Planning decisions must remain with qualified human assessors; artificial intelligence should function as triage and drafting support only.

### **Building and occupancy approval**

Building and occupancy approvals impose a further sequential layer. Working drawings clearance, certifier appointment, documentation preparation, mandatory mid-construction inspections, and occupancy certificate processing each add time. The Commission should assess whether these stages can be consolidated and whether private certifier liability frameworks are creating risk-aversion that inflates inspection frequency beyond what the safety objective requires.

### **Finding 2:**

Development assessment is the most onerous and variable stage. Sequential referrals, open-ended information requests, and inadequate council resourcing are the principal drivers of delay. The variance across councils within a single state demonstrates that this is an administrative problem amenable to reform, not an irreducible complexity of the assessment task.

### 4.3 Recent Approval Reforms (Information Request 3)

#### Most effective reforms

Reforms showing the most promise share three characteristics: they operate at state level with clear authority over local government; they provide by-right or code-based pathways for compliant proposals; and they are accompanied by adequate resourcing of the coordinating body. The removal of third-party appeal rights in Victoria's Development Facilitation Program — via the Victorian Civil and Administrative Tribunal (VCAT) — is one reason practitioners cite certainty as the program's primary benefit. However, the Commission should note that removing community appeal rights raises a legitimate accountability concern: where appeal rights are removed, what mechanism allows affected neighbours and communities to challenge a decision they believe is flawed? Victoria's Development Facilitation Program conditions (including mandatory affordable housing contributions and state-level Ministerial oversight) are partial answers, but the Commission should recommend that any national adoption of similar models include an alternative community review pathway.

Queensland's Economic Development Queensland model combines direct state assessment authority, infrastructure coordination, and a track record of delivered dwellings. New South Wales' Housing Delivery Authority had declared 351 proposals representing over 117,000 potential homes in its first 12 months. The Commission should require that progress reporting track proposals through to completion, not only to declaration or approval.

#### Reforms showing limited near-term effect

The comparative literature on small-scale or precinct-only upzoning consistently shows limited near-term supply response. Australian equivalents — targeted station-precinct rezoning without broader residential reform — face the same constraint. They do not change aggregate developer expectations or land-market dynamics at the scale required.

#### **Finding 3:**

State-led fast-track and coordination bodies are the most effective reform mechanism identified. Their effectiveness depends on state authority, by-right pathways, adequate resourcing, and enforceable timelines. Removal of community appeal rights requires compensating accountability mechanisms. Pipeline figures must be tracked through to completions.

### 4.4 Zoning and Land-Use Controls (Information Request 4)

The controls that most restrict housing supply are those that prohibit the 'missing middle' — terraces, townhouses, duplexes, and low-rise apartments — in established suburbs with access to jobs, services, and transport. These dwelling types are commercially viable, in demonstrated demand, and produce lower per-dwelling infrastructure costs than greenfield detached housing. Their prohibition in most low-density residential zones across Australian cities is the most consequential land-use constraint on housing supply.

#### Most binding controls

Single-dwelling zoning is the primary barrier. Before recent reforms, only two of 33 Greater Sydney councils permitted terraces and townhouses in low-density residential zones, and residential flat buildings were prohibited in 60% of medium-density residential zones. Building height limits, maximum floor space ratios, minimum lot sizes, car-parking minimums, and setback requirements compound the effect of base zoning. Car-parking minimums in particular add cost and reduce dwelling numbers in areas where public transport makes car ownership optional for many residents. Removing car-parking minimums in well-served locations is among the lowest-cost reforms available.

### **Distributional effects of missing-middle reform**

Missing-middle reform benefits renters and first home buyers most directly. Terraces and townhouses occupy a price point between detached houses and high-rise apartments that is accessible to more households. They can be built at scale in established suburbs without requiring the construction finance volume or market depth that large apartment projects demand. First Nations households in metropolitan areas, who face acute rental market pressure, stand to benefit from increased supply in this segment.

### **Variation by jurisdiction**

New South Wales' Low and Mid-Rise policy overrides local controls to permit medium-density housing within 800 metres of 171 centres and stations. The Australian Capital Territory is advancing missing middle reforms, though lease variation charges and urban forest canopy requirements are identified as barriers. Victoria's secondary dwelling exemption applies across approximately 700,000 eligible lots. Tasmania and the Northern Territory face the most significant structural gaps: the Northern Territory's housing Accord target is not forecast to be met until well beyond 2034.

### **Benefits of controls**

Minimum apartment sizes, solar access, acoustic privacy, and natural ventilation standards exist because renters and lower-income occupants — who have less market power — cannot effectively enforce quality standards through consumer choice. Removing these standards deregulates at the expense of those least able to protect themselves. Heritage controls protect assets of genuine cultural value. Environmental protections prevent harms with long-term costs. The reform task is to calibrate these controls proportionately and apply them as by-right standards, not to eliminate them.

#### **Finding 4:**

Prohibition of missing-middle dwellings in established well-located suburbs is the most consequential land-use barrier to housing supply, and reform at scale benefits renters and first home buyers most directly. Reform must be large-scale, by-right, and without offsetting controls that eliminate feasibility. Minimum amenity standards protecting renters and low-income occupants should be preserved.

## **4.5 Land Release, Subdivision, and Titling (Information Request 5)**

Land release, subdivision, and titling are significant constraints, but for most of the housing market they are secondary to zoning and approval-process barriers. The exception is greenfield development, where no revenue flows until titles register. Subdivision delays of over a year — with some analyses identifying up to seven

months of delay not justified by risk-management objectives — directly reduce project feasibility and extend holding costs that ultimately flow through to dwelling prices.

The NHSAC identifies scarce, fragmented, and costly land as a principal structural constraint alongside planning systems. Government landholding reform — identification and activation of surplus Commonwealth and state land — is an important complement to planning reform. Queensland’s Economic Development Queensland model and Victoria’s Unlocking Strategic Sites pathway provide partial precedents. The Commission should recommend a systematic national audit of government land suitable for residential development and a framework for phased release coordinated with infrastructure.

Subdivision titling timelines in Western Australia commonly exceed six months in practice despite a 90-day statutory clock. The Commission should assess whether land titling agencies are adequately resourced and whether digital transformation of titling workflows would meaningfully reduce delay.

#### **Finding 5:**

Land release and titling are material constraints in greenfield development but secondary to zoning and approval barriers for most of the housing market. Government land activation and subdivision timeline reform are the highest-return interventions in this category. Upzoning without serviced, titled land delivers slowly; both reform streams must run in parallel.

## **4.6 Developer Contributions (Information Request 6)**

Developer contributions are a material feasibility lever and, in high-demand areas, function as a de facto tax on new housing. Their impact depends not only on their level but on their predictability: contributions that are uncertain, subject to late change, or applied inconsistently are capitalised into developer risk premiums and tip marginal projects into non-viability before the cash payment is even required.

### **Scale of the burden**

An economic model commissioned by a peak industry body (Centre for International Economics, March 2025) estimated that government taxes, regulatory costs, and charges accounted for approximately 49% of the total price of a new house-and-land package in Sydney, 43% in Melbourne, 41% in Brisbane, 36% in Perth, and 37% in Adelaide and Hobart. This model includes an imputed cost of land-supply restriction alongside cash taxes and charges. It is an industry-commissioned advocacy model, not a neutral receipts tally, and the Commission should seek corroborating data from independent sources. A credible independent analysis (Housing Australia, 2021) estimated developer contributions alone at approximately 8–11% of construction costs, ranging from approximately \$25,000 to \$85,000 per dwelling in New South Wales and \$37,000 to \$77,000 in Victoria. These figures are subject to indexation and should be verified against current rates.

The distributional effect of high contributions falls hardest on buyers and renters of new housing, who are disproportionately first home buyers and renters with lower incomes. Where contributions are passed through to dwelling prices rather than captured in land values, they constitute a transfer from new households to existing

landowners. Pre-notification of contribution rates before land purchase is the most direct mechanism for improving this outcome.

### Framework design

New South Wales operates Section 7.11 contributions (nexus-based, with general caps), Section 7.12 levies (percentage of development cost), and the state Housing and Productivity Contribution introduced in October 2023 (a base rate of \$12,000 per new lot or \$10,000 per dwelling in Greater Sydney). Combined contributions can reach \$58,000 to \$85,000 per dwelling in growth areas. Victoria's Growth Areas Infrastructure Contribution is charged per hectare across seven growth municipalities. Queensland caps infrastructure charges at approximately \$28,000 per dwelling (indexed). These frameworks are not harmonised, operate on different bases, and add jurisdictional complexity for developers operating across state lines.

### Reform priorities

If contributions are simple, certain, and pre-notified, the orthodox economic expectation is that they capitalise into land values rather than dwelling prices. Predictability matters as much as the headline rate. The Commission should recommend: harmonisation around common design principles (nexus, transparency, certainty, proportionality); mandatory pre-notification of rates before land registration to improve market information; expansion of works-in-kind and infrastructure-delivery arrangements; and a systematic review of whether state contributions are being applied in ways that support rather than reduce housing feasibility.

#### **Finding 6:**

Developer contributions reduce project feasibility and act as an effective tax on new housing, particularly where multiple contribution streams accumulate in growth areas. Their impact depends critically on predictability: late-notified contributions are capitalised into developer risk premiums and deter investment. The distributional effect falls hardest on buyers and renters of new housing. Harmonised, capped, pre-notified frameworks are the reform priority.

## 4.7 Housing-Enabling Infrastructure (Information Request 7)

### Trunk infrastructure coordination

Poor coordination of trunk infrastructure — water, sewer, roads, electricity, and telecommunications — is a material barrier to housing delivery in greenfield areas. When infrastructure sequencing does not align with land release and development staging, viable projects stall because connection capacity is unavailable. The Commission should recommend that all jurisdictions publish annually updated infrastructure sequencing plans coordinated with land release programs, and that Commonwealth infrastructure funding allocations be tied to jurisdictions producing and adhering to such plans.

### Utility connection timeframes

Water, sewer, electricity, and telecommunications connections are managed by separate entities under separate approval processes, adding sequential delay to the post-approval stage. Mandatory parallel utility referrals and published connection

timeframe benchmarks with reporting obligations would reduce this bottleneck without compromising technical safety assessment.

### Modern methods of construction

Residential construction productivity has declined approximately 53% (dwellings completed per hour worked) since 1994–95. Modern methods of construction — prefabrication, modular assembly, volumetric construction — offer the most credible pathway to productivity improvement. Their uptake is constrained by regulatory barriers: project-by-project approval that cannot verify factory outputs on-site, and inconsistent treatment across jurisdictions. The Commonwealth’s \$54 million national voluntary certification scheme (2025–26 Budget) is a step in the right direction. The Commission should recommend that this be accompanied by mandatory regulatory neutrality: that certified modular systems receive by-right treatment across all jurisdictions without additional local approval requirements.

### Environmental approvals

The Environment Protection Reform Act 2025, passed in November 2025, established the National Environmental Protection Agency and introduced National Environmental Standards. These are intended to produce faster, more certain environmental assessment for compliant housing projects. Their impact on housing supply depends on the content of the Standards, which were not finalised at the time this submission was prepared. This is a material implementation risk. The Commission should recommend that the Commonwealth and state governments produce joint guidance on the interaction between environmental assessment pathways and housing approval processes, and that the Commission’s final report assess implementation progress explicitly.

#### Finding 7:

Trunk infrastructure coordination, utility connection timelines, and regulatory barriers to modern methods of construction are the priority housing-enabling infrastructure reforms. Each is amenable to specific, actionable reform within the inquiry’s scope. Environmental approval reform is promising but carries implementation risk that warrants explicit monitoring.

## 5. Recommendations

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Each recommendation is specific, actionable, and traceable to the Commission’s three areas of focus. Timeframes are stated where the urgency of the supply shortfall justifies them.

**Recommendation 1: All jurisdictions should mandate large-scale, by-right upzoning for missing-middle dwellings within 800 metres of established transport corridors and major town centres, with compliant proposals assessed against published standards rather than through individual discretionary assessment. Interim report should identify the jurisdictions furthest from this benchmark; final report should quantify supply impact. (Timeframe: legislation or equivalent by mid-2027.)**

Restrictive zoning in well-located areas is the primary land-use barrier to housing supply. By-right pathways remove the discretionary assessment cost and uncertainty that deter feasible projects. Reform must be large-scale to move aggregate supply; precinct-by-precinct approaches have not demonstrated material supply impact.

**Recommendation 2: All jurisdictions should publish binding development assessment performance targets — including targets for each sequential stage — with deemed-approval backstops where targets are not met, and expand publicly available council-level performance reporting to include median and 90th-percentile processing times by application type. (Timeframe: targets published within six months of final report.)**

The variance in assessment times across councils within single jurisdictions cannot be explained by application complexity. Binding targets with consequences, and transparency at the individual-council level, create the accountability necessary for sustained improvement.

**Recommendation 3: All jurisdictions should establish or expand state-led coordination bodies with clear authority to assess complex residential development applications, mandate parallel rather than sequential referrals to state agencies and utilities, set six-month maximum timelines for decisions on applications meeting eligibility criteria, and maintain an alternative community review pathway where third-party appeal rights are removed. Progress reporting must track proposals through to completions, not only to declaration or approval. (Timeframe: coordination bodies operational within 12 months of final report.)**

State-led coordination bodies have demonstrated early throughput gains. Their effectiveness depends on genuine authority, adequate resourcing, and enforceable timelines. Removal of community appeal rights requires a compensating accountability mechanism to protect affected neighbours and communities.

**Recommendation 4: All jurisdictions should provide by-right regulatory treatment for residential buildings using nationally certified modular and prefabricated construction systems, without additional local approval requirements. The Commonwealth should require national certification scheme coverage of common system types within 18 months. (Timeframe: regulatory neutrality mandated within 18 months of final report.)**

The 2025–26 Budget’s \$54 million national voluntary certification scheme is a sound foundation. The necessary next step is mandatory regulatory neutrality: jurisdictions that impose additional local approval requirements for certified systems negate the productivity benefit the certification is designed to unlock.

**Recommendation 5: The Commonwealth and all jurisdictions should harmonise developer contribution frameworks around common design principles — nexus, transparency, certainty, and proportionality — mandate pre-notification of contribution rates before land registration, and expand works-in-kind arrangements as an alternative to cash payment. (Timeframe: harmonisation principles agreed at National Cabinet within 12 months of final report.)**

Unpredictable and cumulative contribution loads reduce project feasibility and deter investment in high-demand areas. Harmonisation reduces complexity; pre-notification improves market information and reduces risk premiums; works-in-kind delivers infrastructure directly.

**Recommendation 6: All jurisdictions should publish annually updated infrastructure sequencing plans aligned with land release programs, and the Commonwealth should tie Local Infrastructure Fund and Housing Support Program allocations to compliance with this requirement. (Timeframe: first sequencing plans published within 12 months of final report.)**

Trunk infrastructure that does not arrive in sequence with development stalls viable projects and adds holding costs. Published sequencing plans create accountability. Commonwealth funding conditions provide a binding lever for compliance.

**Recommendation 7: All jurisdictions should mandate parallel utility referral processes and publish utility connection timeframe benchmarks, with quarterly public reporting by utilities against those benchmarks. (Timeframe: parallel referral mandated within 12 months of final report.)**

Sequential utility connections are a measurable post-approval bottleneck. Parallel referral reduces the overall timeline without compromising technical safety assessment. Published benchmarks create accountability for utility providers who are not otherwise subject to housing supply incentives.

**Recommendation 8: The National Housing Supply and Affordability Council should report annually on housing outcomes for renters, first home buyers, low-income households, and First Nations communities, using a consistent set of indicators including rental vacancy rates, rent-to-income ratios, homeownership rates for households under 40, and First Nations housing stress indices. The Commission's final report should identify minimum amenity standards that should be preserved in any deregulatory reform and should assess the distributional effect of each major recommended reform. (Timeframe: indicator framework agreed within six months of final report; first report within 18 months.)**

The costs of undersupply are borne disproportionately by those without housing wealth. Reforms that improve aggregate supply metrics while worsening conditions for renters and lower-income occupants do not serve the public interest. The NHSAC is the appropriate monitoring body.

## 6. Conclusion

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Australia's housing shortfall is structural and growing. The regulatory system has accumulated constraints — in zoning, approval processes, contribution frameworks, and infrastructure coordination — that individually appear manageable but cumulatively produce a market that cannot build at the pace a growing country requires. The Commission's inquiry is an opportunity to recommend reforms at the scale the evidence supports.

The evidence is clearest in the case of large-scale upzoning: comprehensive, by-right reform does move supply materially, and does so with measurable affordability benefits for renters and aspiring buyers. The evidence from Australia's own recent reform programs shows that state-led coordination generates genuine pipeline. The Commission's final report should hold governments to account at the delivery end — completions, not declarations.

Policy Watchdog Australia urges the Commission to recommend reforms that are large-scale, durable, and accompanied by the distributional monitoring necessary to ensure that benefits reach those who need them most.

## 7. Glossary of Terms

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The following terms are used in this submission. Definitions are in plain English.

### **By-right assessment**

An approval pathway where a proposed development is assessed against published, objective standards and is approved automatically if it meets them, without individual discretionary judgment by a planning authority. By-right pathways reduce cost, uncertainty, and delay, and are the mechanism through which large-scale upzoning translates to actual new dwellings.

### **Developer contributions**

Payments or infrastructure works required of a developer as a condition of development approval, intended to fund the public infrastructure — roads, parks, schools, utilities — that new housing requires. When contributions are high, unpredictable, or applied inconsistently, they reduce project feasibility and can deter development.

### **Dwelling price-to-income ratio**

A measure of housing affordability calculated by dividing the median dwelling price by the median household income. International benchmarks treat a ratio above 5.0 as severely unaffordable. Australia's ratio reached approximately 8.4 in late 2025, meaning the median dwelling costs more than eight times the median annual household income.

### **Floor space ratio**

A planning control that limits the total floor area of a building as a multiple of the land area it occupies. A ratio of 2:1 permits a total floor area twice the site area. Restrictive floor space ratios limit the number of dwellings that can be built on a given site, particularly for apartment buildings.

### **Missing middle**

A range of medium-density dwelling types — including terraces, townhouses, duplexes, and low-rise apartments — that provide more homes per block than detached housing but are less capital-intensive than high-rise apartments. These dwelling types are commercially viable and in demonstrated demand in well-located Australian suburbs but are prohibited in most low-density residential zones.

### **Trunk infrastructure**

The primary network of essential services — water, sewer, roads, electricity, and telecommunications — that must be in place before new housing can be connected and occupied. When trunk infrastructure is not sequenced with land release and development approvals, viable projects stall because connection capacity is unavailable.