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Productivity Commission

Via email: housing.supply@pc.gov.au

Via online portal: <https://www.pc.gov.au/inquiries-and-research/housing-supply/make-submission/>

Dear Chair and Commissioner,

ASBEC Submission – Productivity Commission Inquiry into Housing Supply Regulation

The Australian Sustainable Built Environment Council (ASBEC) welcomes the opportunity to provide input to the Productivity Commission's inquiry into housing supply regulation.

ASBEC is a forum of peak bodies in the Australian built environment that collaborates for impact in pursuit of sustainable, productive and resilient buildings, infrastructure, communities and cities. Our [membership](#) brings together 40+ industry members including industry associations, professional bodies, and not-for-profit organisations, and 20+ government and academic observer organisations. Collectively, our members are involved in the planning, design, delivery and operation of Australia's built environment.

Our current [strategic priorities for the built environment](#) include accelerating decarbonisation, enhancing resilience and adaptation to climate change risk, and supporting the transition to a circular economy.

ASBEC supports efforts to increase housing supply and affordability. We also acknowledge that housing delivery is a systems challenge, and any attempt to “reduce regulatory burden” must be carefully considered.

Recent debate has focused heavily on planning approvals as a barrier to housing delivery. While planning reform remains important, evidence increasingly suggests that many housing projects stall after approval has been grantedⁱⁱⁱ. Infrastructure provision, utility connections, servicing, workforce capacity, financing and construction productivity are all critical determinants of whether approved projects are ultimately converted into completed homes.

Many of our member organisations are providing detailed responses to this review and we encourage the Productivity Commission to consider these. This submission focuses on areas where ASBEC can provide a unique cross-sector perspective, particularly the interaction between planning systems, infrastructure delivery, electrification, construction productivity and long-term resilience.

Key Recommendations

ASBEC believes that improving housing supply requires governments to focus on the entire housing delivery system. Improvements across multiple parts of the delivery chain are likely to deliver greater housing outcomes than focusing on any single regulatory bottleneck in isolation.

In particular, ASBEC recommends that governments:

- adopt a whole-of-system approach to housing delivery that focuses on converting approvals into completed homes (**Recommendation 1**)



- streamline planning and approval systems through risk-based and nationally consistent approaches (**Recommendations 2 & 3**)
- support modern methods of construction and prefabrication (**Recommendation 4**)
- prioritise housing-enabling infrastructure, including electricity network capacity and other last-mile infrastructure (**Recommendation 5**)
- invest in spatially explicit strategic plans in alignment with national urban policy principles, with clear housing targets for well-located areas (**Recommendation 6**)
- make all-electric developments the default for new housing precincts (**Recommendation 7**)
- reduce duplication across consultation, assessment and approval processes (**Recommendation 8**)
- maintain resilience and avoid development patterns that create long-term productivity, insurance and fiscal costs (**Recommendation 9**).

Together, these reforms can improve productivity, accelerate housing delivery and support the creation of more sustainable, resilient and efficient communities.

Housing supply is a systems challenge

Recommendation 1: *Adopt a whole-of-system approach to housing delivery that focuses on converting approvals into completed homes.*

Improving housing supply requires more than faster planning approvals. A planning approval does not build a home. Housing delivery ultimately depends on a coordinated system that enables projects to move efficiently from approval through to completion.

ASBEC believes policy discussions should place greater emphasis on:

- infrastructure readiness
- utility servicing and network capacity
- construction productivity
- workforce capability
- financing and project feasibility
- regulatory certainty and consistency.

Recent evidence from across the housing and infrastructure sectors suggests that substantial numbers of approved dwellings are not progressing to construction or completion. For example, the Property Council of Australia has reported that more than 100,000 homes with planning approval remain stalled nationally due to infrastructure constraints, utility connections, financing challenges and construction capacity limitations.ⁱⁱⁱ This indicates that planning reform, while important, is only one part of the solution. Governments should therefore focus on improving the conversion of approved housing into completed homes.

Streamline approvals through risk-based and nationally consistent approaches

Recommendation 2: *Streamline planning and approval systems through risk-based, outcomes-focused and nationally consistent regulatory approaches that reduce duplication while maintaining appropriate safeguards.*

Recommendation 3: *Improve regulatory design by explicitly assessing the productivity impacts of major regulatory reforms and pursuing greater consistency across jurisdictions wherever practical.*

ASBEC supports efforts to improve the efficiency of planning and approval systems. However, the objective should not simply be to reduce regulation. Rather, it should be to create better regulatory systems that are proportionate, efficient and focused on delivering good outcomes.

Governments should seek to:

- reduce duplication between agencies and jurisdictions
- streamline overlapping approval pathways
- improve coordination between planning and infrastructure agencies
- apply regulatory effort proportionately to project risk and complexity
- pursue greater national consistency wherever practical.

An inconsistent regulatory environment across state/territory borders imposes significant costs on industry and can reduce productivity without necessarily improving outcomes. Greater alignment between jurisdictions would reduce complexity, improve certainty and support more efficient housing delivery.

ASBEC notes Infrastructure Partnerships Australia's recommendation to strengthen consideration of productivity impacts within regulatory decision-making and to pursue greater harmonisation of standards across jurisdictions^{iv}. These principles are relevant to housing delivery and highlight the productivity benefits that can flow from reducing unnecessary regulatory fragmentation and duplication.

ASBEC also notes that efficient approvals systems depend not only on regulatory reform but also on the capability and resourcing of approval authorities. Ensuring planning and assessment agencies have access to appropriate technical expertise is an important component of improving system performance.

Support modern methods of construction

Recommendation 4: *Support the uptake of modern methods of construction through nationally consistent approval pathways and reduced administrative barriers.*

Modern methods of construction (MMC), including prefabrication and off-site manufacturing, offer significant opportunities to improve housing productivity. MMC can reduce construction timeframes, improve quality assurance, reduce waste and support more efficient use of labour and materials. While governments are increasingly supportive of MMC, regulatory and administrative systems often remain oriented towards traditional construction approaches.

ASBEC notes that access to finance is also a challenge for MMC. While standard-form contracts for traditional on-site construction are widely available and accepted by banks, no equivalents have existed for the prefabricated sector, forcing customers and builders to navigate bespoke agreements that created uncertainty and delays^v. ASBEC member, prefabAUS, is working with the finance sector to help customers access progress payments prior to their prefabricated property being affixed to land.

ASBEC encourages governments to:

- support nationally consistent approaches to MMC approvals
- improve regulatory certainty for repeatable and standardised systems
- reduce unnecessary barriers to innovative construction approaches
- encourage procurement, financing and approval pathways that support industrialised construction methods.

Increasing the uptake of MMC should be viewed as a practical productivity reform capable of supporting both housing supply and sustainability outcomes.

Prioritise support strategic planning and infrastructure coordination

Recommendations 5: *Prioritise housing-enabling infrastructure, including electricity network capacity and other last-mile infrastructure, alongside planning reform as a core determinant of housing supply outcomes.*

Recommendations 6: *Invest in spatially explicit strategic plans in alignment with national urban policy principles, with clear housing targets for well-located areas.*

Recent debate has often focused on accelerating planning approvals as the primary mechanism for increasing housing supply. While planning reform remains important, evidence from recent industry and government analysis suggests that a substantial pipeline of approved housing is not progressing to construction, with infrastructure provision, utility servicing and network capacity emerging as significant constraints on delivery.^{vi}

The policy objective should not be to maximise the number of approvals or minimise approval timeframes as ends in themselves. The objective should be to maximise the delivery of completed homes in well-located communities.

ASBEC supports:

- alignment of housing growth and infrastructure planning – including adequate consideration of urban infill in well-located areas
- earlier identification of servicing requirements
- coordination between housing targets and infrastructure investment
- improved planning for electricity network capacity in growth areas
- accelerated delivery of housing-enabling and last-mile infrastructure.

National Urban Policy sets out the shared vision for sustainable growth in cities. It notes that housing delivered in well-located areas, supported by transport, open space and community infrastructure, can improve productivity, strengthen labour markets and reduce the long-term cost of servicing growth^{vii}.

Infrastructure readiness should be considered a core housing supply metric alongside planning approvals and housing commencements. This requires stronger coordination between housing, infrastructure, utility and energy planning.

Infrastructure Partnerships Australia has highlighted the benefits of earlier planning for critical infrastructure corridors^{viii} to avoid future delivery bottlenecks. The same principle applies to housing growth, where proactive planning and investment in electricity networks, transport connections and utility servicing can improve the conversion of approved developments into completed homes.

Make all-electric developments the default

Recommendation 7: *Make all-electric developments the default for new housing precincts.*

Governments should make all-electric developments the default for new housing precincts. This is not simply an emissions reduction measure. It is also a productivity and efficiency reform. Building new housing with both electricity and gas infrastructure creates unnecessary duplication, increases development costs and risks creating future stranded assets. It also creates avoidable retrofit costs as households and governments transition away from fossil gas as part of Australia's net zero future.

Planning new communities around efficient electric technologies from the outset can:

- reduce infrastructure duplication
- simplify development delivery
- avoid future retrofit costs

- improve long-term system efficiency
- support household affordability.

Housing growth planning should therefore be closely aligned with electricity network planning and investment.

Improve efficiency through coordinated assessment processes

Recommendation 8: *Reduce duplication across consultation, assessment and approval processes through more coordinated and efficient engagement pathways.*

ASBEC supports reforms that reduce unnecessary duplication within planning and assessment systems. In many cases, projects are required to navigate multiple consultation, assessment and approval processes across different agencies and levels of government. While robust assessment remains important, there is often scope to improve coordination and reduce duplication without compromising outcomes.

ASBEC supports a focus on meaningful engagement rather than repeated engagement. Governments should seek opportunities to consolidate overlapping consultation and assessment processes while maintaining transparency, accountability and community confidence.

More coordinated assessment pathways can reduce delays, improve certainty and support more efficient housing delivery.

Productivity requires resilience

Recommendation 9: *Maintain resilience and avoid development patterns that create long-term productivity, insurance and fiscal costs*

Efforts to increase housing supply should not come at the expense of long-term resilience outcomes. Housing reform should support compact, connected and low-emissions communities where public and active transport are practical choices.

Resilience measures are sometimes characterised as barriers to development. However, poorly located housing can create significant future costs for households, insurers and governments. Building homes in areas exposed to increasing flood, bushfire and heat risk may improve short-term housing supply but can impose much larger long-term productivity, insurance and fiscal costs.

The most productive housing system is not one that simply delivers more homes in the short term. It is one that delivers homes in locations that remain safe, insurable, efficient and liveable over the long term.

ASBEC supports a balanced approach that improves housing supply while maintaining appropriate resilience and environmental safeguards.

ASBEC supports reforms that improve housing supply and construction productivity. To be successful, reforms must move beyond a narrow focus on planning approvals and recognise housing delivery as a systems challenge requiring coordination across planning, infrastructure, energy, transport and utility networks.

Improving the conversion of approved developments into completed homes should be a central focus of reform efforts. Achieving this outcome will require attention not only to planning systems, but also to

infrastructure readiness, construction productivity, electrification, regulatory consistency and long-term resilience.

Together, these reforms can improve productivity, accelerate housing delivery and support the creation of more sustainable, resilient and efficient communities.

ASBEC welcomes the opportunity to provide further detail on any of the points outlined above and look forward to a continued collaborative relationship with the Productivity Commission and other stakeholders as work progresses. Please do not hesitate to contact our Director of Policy and Advocacy, Alison Cleary, at if you have any questions.

Yours Sincerely

Alison Scotland
Chief Executive Officer

ⁱ <https://www.propertycouncil.com.au/media-releases/housing-fund-shortfall-confirms-pipeline-feasibility-challenge>

ⁱⁱ National Growth Areas Alliance (2025) Beyond Bricks: Delivering the housing we need sooner in Australia's Growth Areas, November 2025, <https://www.ngaa.org.au/resources/beyond-bricks-delivering-the-housing-we-need-sooner-in-australias-growth-areas>

ⁱⁱⁱ Property Council of Australia, Housing Australia Future Fund and National Housing Accord submissions and public commentary citing over 100,000 approved homes delayed or unable to proceed due to infrastructure and delivery constraints (2023–24).

^{iv} <https://infrastructure.org.au/policy-research/major-reports/practical-productivity/>

^v <https://www.prefabaus.org.au/news-events/breaking-down-barriers-commbanks-groundbreaking-prefab-financing-signals-industry-transformation>

^{vi} See, for example, Property Council of Australia, Housing Australia and Urbis, National Housing Pipeline Report (2024); Productivity Commission, Housing Construction Productivity: Can We Fix It? (2025); and National Housing Supply and Affordability Council, State of the Housing System 2024, which all identify infrastructure provision, servicing constraints, workforce shortages and feasibility challenges as key barriers to converting approved developments into completed housing.

^{vii} Treasury, National Urban Policy (2024), <https://treasury.gov.au/publication/p2024-697079>

^{viii} <https://infrastructure.org.au/policy-research/major-reports/practical-productivity/>