

Submission to the Productivity Commission – Inquiry into Housing Supply Regulation

1. Introduction

Thank you for the opportunity to contribute to the Productivity Commission’s Inquiry into Housing Supply Regulation. Australia faces significant housing affordability and supply challenges, and it is appropriate that governments examine how planning systems can operate more efficiently and transparently. However, it is equally important that reform efforts do not undermine the essential public value that planning systems provide.

Planning systems exist to balance competing public interests — environmental protection, infrastructure coordination, neighbourhood character, hazard management, and community wellbeing. They are not simply mechanisms for processing development applications. While inefficiencies and inconsistencies should be addressed, the solution to Australia’s housing challenges is not wholesale deregulation. The objective should be to improve certainty, coordination and delivery while maintaining the safeguards that ensure housing is built in appropriate locations and supported by adequate infrastructure.

This submission responds to the Commission’s information requests across three core areas:

1. Approval processes
2. Availability and use of land
3. Housing-enabling infrastructure

It also provides overarching observations on the drivers of housing affordability and the role of planning systems in supporting sustainable, liveable communities.

2. Approval Processes

2.1 The purpose and value of development assessment

Development assessment plays a critical role in ensuring that new housing is safe, well-located, and compatible with surrounding communities. These decisions are often irreversible and have long-term consequences for neighbourhood character, infrastructure demand, and environmental outcomes. For this reason, the assessment process is necessarily detailed.

It is important to distinguish between complexity that is inherent and necessary and complexity that is avoidable. Many delays arise not from the existence of planning controls but from administrative inefficiencies, inconsistent referral processes, and inadequate resourcing.

2.2 Key sources of delay

Across jurisdictions, the most significant bottlenecks typically arise from:

- **Inconsistent or slow agency referrals** Utility providers, transport agencies and state infrastructure bodies often operate without statutory timeframes, creating delays outside the control of councils or applicants.
- **Ambiguous or frequently changing planning controls** Rapid policy changes create uncertainty for both applicants and assessment officers, leading to iterative redesigns and requests for further information.

- **Duplicated technical assessments** Stormwater, traffic, contamination and other matters are often assessed multiple times by different bodies, even when the underlying issues are identical.
- **Under-resourced assessment teams** Many councils lack sufficient planners, engineers and specialists to process applications efficiently.

2.3 Targeted reforms to improve efficiency

The most effective reforms would focus on improving clarity, consistency and administrative efficiency, including:

- **Clearer pre-lodgement guidance** Publicly accessible, standardised documentation requirements for common development types would reduce uncertainty and unnecessary RFIs.
- **Nationally consistent templates and digital systems** Standardised DA forms, report templates and digital lodgement systems would streamline processes across jurisdictions.
- **Statutory timeframes for referral agencies** Binding timeframes for utility providers and state agencies would address one of the most persistent sources of delay.
- **Standardised conditions for low-risk development** A library of model conditions would reduce bespoke drafting and improve consistency.
- **Improved resourcing of assessment teams** Investment in staffing is likely to deliver faster approvals more reliably than deregulation.

2.4 Safeguards that must be retained

Two elements of the assessment system are essential and should not be weakened:

- **Community participation and third-party objection rights** These rights are fundamental to the legitimacy of the planning system. They reflect the reality that development decisions affect more than just the applicant.
- **Human judgment in assessment** While digital tools and AI can assist with administrative tasks, planning decisions require nuanced professional judgment about context, character and community impact. Automated systems cannot replace this.

3. Availability and Use of Land

3.1 The role of zoning and land-use controls

Zoning and land-use controls are often portrayed as barriers to housing supply, but they serve important public purposes. They protect environmental values, manage hazards, coordinate infrastructure, and maintain neighbourhood character. They also provide certainty for residents and investors.

The question is not whether zoning restricts development — all zoning does — but whether the restrictions are justified by public benefit.

3.2 Risks of broad, untargeted upzoning

Proposals for blanket upzoning in established suburbs risk:

- Overloading infrastructure
- Eroding neighbourhood character

- Reducing community confidence in the planning system
- Triggering community opposition that ultimately slows housing delivery

Residents have legitimate expectations that planning frameworks will not be radically altered without meaningful consultation.

3.3 Where targeted changes may be appropriate

Targeted, infrastructure-aligned changes can support additional housing without undermining community confidence:

- **Modest density increases near major transport nodes** Higher density is most appropriate where infrastructure for mass transit (such as trains and metros) already exists or is planned.
- **Streamlined greenfield land release processes** In many growth areas, delays in subdivision, servicing and titling are more significant constraints than zoning.
- **Performance-based controls in appropriate contexts** Overly prescriptive controls can stifle innovation, but removing them entirely risks poor outcomes.

3.4 Controls that should be retained

The following controls serve legitimate public purposes and should not be weakened:

- Heritage protections
- Building height limits
- Minimum lot sizes
- Neighbourhood character controls
- Environmental and hazard overlays

These are essential components of a planning system that balances growth with liveability.

4. Housing-Enabling Infrastructure

4.1 Infrastructure as the primary constraint

In many established suburbs, the most significant constraint on housing supply is not zoning but infrastructure capacity. Communities are generally more willing to support additional housing when accompanied by:

- Public transport investment
- Schools and health services
- Open space and community facilities
- Water, sewer and utility upgrades

Where these elements are absent, community concerns are legitimate and should not be dismissed as opposition to growth.

4.2 Development contributions

Development contributions ensure that those who profit from development contribute to the infrastructure that makes it viable. Reducing or removing contributions would shift costs onto existing residents and taxpayers.

Reforms should focus on:

- Transparency
- Predictability
- Earlier certainty for developers
- Clearer explanation of how contributions are spent

But the principle of contributions — including for social infrastructure — must be retained.

4.3 Improving infrastructure coordination

The Commission should prioritise reforms that strengthen infrastructure planning and delivery, including:

- A national infrastructure audit
- Mandatory infrastructure sequencing plans linked to housing targets
- Improved coordination between councils, state agencies and utility providers
- Federal co-funding for enabling works
- Clearer responsibilities for infrastructure delivery in growth areas

5. Overarching Observations

5.1 Regulation is not the primary driver of unaffordability

Housing affordability is influenced by a wide range of factors, including:

- Interest rates
- Construction costs
- Labour shortages
- Infrastructure constraints
- Investor tax settings
- Land banking
- Market feasibility

Planning regulation plays a role, but it is not the dominant driver.

5.2 More supply does not automatically mean more affordability

International evidence shows that increasing supply does not guarantee price reductions, particularly in high-demand markets where new supply is often absorbed by investors or higher-income households.

5.3 Existing residents have legitimate interests

People who have built their lives in established neighbourhoods reasonably expect that planning frameworks will not be radically altered without genuine consultation.

5.4 Housing capacity ≠ housing delivery

The Commission should distinguish between:

- Theoretical zoned capacity
- Development approvals

- Completed dwellings

Increasing theoretical capacity does not guarantee that homes will be built.

6. Conclusion

Australia's housing challenges are significant, but the solution is not wholesale deregulation. The current planning system, while imperfect, reflects decades of considered policy development and community values. Reforms should focus on improving efficiency, certainty and infrastructure delivery while maintaining the safeguards that ensure housing is delivered in appropriate locations and supported by adequate services.

The most effective reforms will be those that:

- Improve clarity and consistency
- Strengthen strategic planning
- Align zoning with infrastructure capacity
- Streamline processes without removing safeguards
- Ensure development contributes fairly to infrastructure
- Maintain meaningful community participation
- Do not leave it to developers to determine where housing should be supplied

I commend the Commission for undertaking this inquiry and welcome the opportunity to engage further as the interim and final reports are developed.

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