

15 June 2026

Inquiry into Housing Supply Regulation
Productivity Commission
Via webform

Dear Commissioners,

The Business Council of Australia (BCA) supports the continued focus of the Government and the Productivity Commission on addressing barriers to new housing supply. Evidence clearly shows that the solution to fix the nation's housing crisis is more housing supply. Our members include the Chief Executive Officers of many of the nation's leading companies. The business community depends on employees having access to well-located, well-serviced housing, and on customers who have the capacity to spend in the broader economy. Of course, housing supply is not simply about supporting the nation's growth, fundamentally it is about providing choice to Australians about where they live, and their proximity to job opportunities, family, and community.

This submission responds to the information requests in the Commission's May 2026 call for submissions paper. It draws on the BCA's recent work on housing regulation, including our 2024 housing paper 'It's time to say yes to housing' and our annual 'Regulation Rumble' comparison of state and territory planning systems.

Key reform priorities

Australia must deliver enough homes not just to satisfy new demand, but also to resolve existing affordability issues. We must aim to meet growing demand that is not simply due to population growth but also shrinking household sizes and individual preferences. The only real and durable solution is to deliver more housing.

No single regulatory intervention will resolve the constraint to housing supply. While the Federal and state governments are working towards new supply, there are still many policy and reform opportunities available to push new supply further. New housing still faces a broad swathe of regulation impacting delivery across the entire project lifecycle. There is a need to focus across the lifecycle to ensure that regulation is as efficient and well designed as possible.

In respect to reform priorities, some of the key asks from the BCA's 2024 paper included:

- **Fix approval processes:** Provide the option to elevate large housing projects from council to state government assessment and decision-making. Provide a single point of contact for referrals across government agencies, with enforceable service-level agreements. Implement metrics across all aspects of planning decision-making (from pre-lodgement to post-approvals) and monitor performance of all decision makers, with mechanisms that allow proponents to force decisions if statutory timeframes have been exceeded.
- **Address zoning:** undertake rezoning across major cities and towns allowing medium and high-density development in the vicinity of infrastructure and services. Provide efficient proponent-led rezoning processes that are determined at a state agency level. Consolidate zoning types across a state to provide for broader application and consistency.

- **Reform infrastructure contributions and charges:** address issues around cost, nexus to housing, transparency, uncertainty, and delay in infrastructure delivery. Where contributions are not well designed and connected to the needs created by the development, they function as a tax on new housing supply.
- **Update heritage laws:** best practice heritage laws should be developed that restore the balance between building our cities and protecting unique and important heritage.

The regulatory settings across the nation differ from state to state, and sometimes from council to council. Since the BCA released our report in 2024, a number of jurisdictions have embarked on the reform journey in line with many of the recommendations we have made. Implementation however is not uniform and is often still a work in progress. While compared to the previous status quo, some of the reforms underway may seem significant, when viewed in absolute terms, there is clearly still much more to do. It is also worth recognising that the tax changes pursued by the Federal Government in relation to capital gains tax and negative gearing have been modelled by the Treasury as being counterproductive to the delivery of new housing supply.

Planning and building approvals

Inefficient approvals not only delay supply of new homes but also impact productivity and increase cost. They also add risk, that a development will not get approved, will be approved with lower numbers of dwellings than anticipated, or approved with conditions that impact the economics of the project. Taken together, the uncertainty and delay impact the financial feasibility of a development, leading to less homes being delivered.

One observation from BCA members is that when changes are made in one area to improve efficiency, this can lead to the same delay being pushed up or down the approvals process. This is particularly the case if the body undertaking the approval has other constraints driving it (like political opposition to a project, or staffing shortages in assessment teams). For example, improvements imposed by a state to reduce the time taken for a development application may see a council shift its regulatory effort to the post-approval phase, withholding or delaying other required consents. Some councils also reportedly delay acceptance of an application into the assessment system, so that those delays are not counted in the metrics for decision making time if they do not have sufficient resources to process applications in a timely manner

This is why it is important to assess the full approval lifecycle of a project, rather than solely focusing on the development application. Approval process efficiency, including rezoning applications, development applications, and post-approval consents, are all included in Regulation Rumble, although available data is mixed depending on jurisdiction.

Zoning and land use

There is extensive evidence, including work from both the NSW Productivity and Equality Commission and the Reserve Bank, around the impact that zoning restrictions have on land use and supply of new dwellings. The BCA has consistently advocated for rezonings around existing infrastructure and services, where that infrastructure can be used to support more homes at lower cost to the broader community. We have also cited the use of heritage restrictions as tools by some actors to stymie development they oppose, rather than genuinely preserving unique and significant heritage. Examples of these are discussed in further detail in the 'It's time to say yes to housing' report.

Coupled with zoning restrictions, which often include height or floor space ratio constraints, there are also design requirements, such as setbacks and minimum parking requirements. Together these limit

the number of homes that are able to be built on a piece of land, with both physical constraints on a project as well as economic constraints that impact feasibility. Indeed, research from the NSW Productivity and Equity Commission and the RBA has previously found that the most efficient (lowest-cost given land and construction cost) apartment height is between 15 and 20 storeys, research that the Productivity Commission should consider and endorse given height controls in the zoning system.

These requirements need to be well designed and provide the right balance between the externalities of the development, the design quality of the housing stock delivered, and the economic impost being imposed by the regulations. It is not clear that today's settings in many jurisdictions successfully achieve that.

Infrastructure and related contributions

Developers should contribute to their fair share of the investment required to support a new dwelling, but charges that go beyond that nexus essentially impose a tax on new housing supply. This in turn impacts the financial feasibility of a development and reduces the number of homes built. Similarly, poorly designed or blunt requirements to deliver affordable dwellings, while well intentioned, can impact feasibility and serve to reduce the total supply of new homes, which in turn negatively impacts affordability more broadly in the market.

Review scope

The BCA is of the view that compliance costs should be in scope of the review, particularly given that when excessive, unjustified, or overly gold-plated requirements are imposed, these can result in significant cost and delay in and of themselves.

We note that industrial relations are outside the scope of the review. Nevertheless, the BCA continues to hold significant concerns about the effect of CFMEU conduct on construction sites, and the cost and productivity impairment that imposes. As the Productivity Commission itself has previously found, labour productivity in housing construction has significantly underperformed the broader economy. Restrictive and unproductive work practices in the sector, as a product in part of union-imposed practices, have a clear role to play in this story and should not be ignored if every lever is legitimately being pulled to deliver more supply of new dwellings.

It is also noted that the National Construction Code is excluded from the inquiry given the separate review underway.

Conclusion

The delivery of the housing supply necessary for the nation's success is one of the most important challenges facing Australia today. The BCA looks forward to continuing to engage with the Productivity Commission on this topic. We have attached It's time to say yes to housing (2024) and Regulation Rumble (2025, including the planning appendix) to assist the Commission's work.

Yours sincerely,

Bran Black

Chief Executive

Business Council of Australia