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15 June 2026

Danielle Wood
Chair
Productivity Commission
GPO Box 1428
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Via email: housing.supply@pc.gov.au

Dear Chair

Productivity Commission inquiry into housing supply regulation

The Property Council of Australia welcomes the opportunity to provide this submission to the Productivity Commission's inquiry into housing supply regulation.

About us

The Property Council is the peak body for owners and investors in Australia's property sector. Our members invest in, design, build, finance and manage homes, workplaces, industrial assets and retail centres that support the daily life of Australian communities.

The property industry is the country's second largest employer, providing over 1.4 million jobs to Australians, 10.6 per cent of gross domestic product and 18.2 per cent of total tax revenues at \$130 billion and rising.

General comments

The Commission has been asked to develop actionable recommendations to lift productivity and help Australia build more homes. The inquiry is appropriately focused on approval processes, the availability and use of land for housing, and the processes and frameworks needed to deliver and utilise housing-enabling infrastructure.

Australia's housing challenge is no longer only a question of whether planning systems identify enough theoretical capacity, but whether governments can convert zoned, approved and developable land into feasible, serviced, financeable and buildable homes.

This submission has been prepared under the short consultation timeframe. The Property Council has also been responding to the Senate inquiry into the government's capital gains tax and negative gearing reform package and would have preferred a greater length of time to coordinate with its members on this important inquiry.

As a result, this submission identifies the key issues the Commission should consider for its interim report. The Property Council would welcome further engagement with the Commission following the close of submissions, in advance of the interim report, and again following the interim report as the Commission develops its final report to government.

The core test for this inquiry

The Commission should adopt the following core test for its recommendations to government in its interim and final reports:

Regulatory reform should be assessed by whether it increases the number of homes that can realistically proceed from planning capacity to construction and completion.

A best-practice housing supply regulatory system should:

1. Create enough capacity in the right locations,
2. Allow housing types and densities that are commercially feasible,
3. Provide clear, enforceable and proportionate approval pathways,
4. Coordinate local governments, referral agencies and utility providers through accountable timeframes,
5. Sequence infrastructure with growth,
6. Ensure development contributions are transparent, predictable, proportionate and linked to infrastructure delivery,
7. Enable modern and more productive construction methods, and
8. Provide confidence for private, institutional and community housing investment.

The system will only work as fast as its weakest link.

In many jurisdictions, the weakest link is no longer headline planning approvals pathways, but the post-approval and infrastructure delivery chain, including state utilities, referral agencies, engineering approvals, operational works, subdivision, titling and other local government processes.

Reform will require not only legislative change, but also cultural and capacity change across parts of the housing delivery system.

The key opportunity for the Australian Government is to show national leadership by coordinating reform with states and territories, linking infrastructure funding to measurable housing supply outcomes, and using incentives to bring forward reform, performance and delivery.

This should be achieved in a way that streamlines the housing delivery system, rather than adding further layers of reporting, process or duplicated oversight. Any new national reporting, funding or coordination mechanisms should replace, consolidate or simplify existing processes where possible.

The objective should be faster decisions, clearer accountability and fewer duplicated requirements, not additional administrative burden.

Our priorities

This submission is supported by two appendices:

- **Appendix A** sets out the Property Council's key recommendations,
- **Appendix B** provides our broader submission in response to the Terms of Reference, and

This submission is also accompanied by a number of supporting Property Council publications, which are included as attachments for reference. We recognise that a core component of the Commission's process is to test and interrogate the available evidence base for the inquiry. The attached reports reflect the Property Council's existing body of work and industry insight across the issues raised in this submission.

We would welcome the opportunity to provide further detailed input to support the Commission's analysis, including by drawing on additional evidence, case studies and member experience where this would assist.

The Property Council welcomes the opportunity to discuss this submission in more detail. Please contact Dan Rubenach, National Policy Director, at to arrange a meeting.

Yours faithfully

Matthew Kandelaars

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Property Council of Australia

Appendix A – Recommendations

Approval processes

- 1 Measure and reduce total approval time to construction.** Through the National Housing Accord, governments should track the full pathway from lodgement to construction commencement, including development assessment, referrals, post-consent conditions, engineering approvals, operational works, utility approvals, certification and subdivision steps, with the Australian Government coordinating national reporting and compatibility.
- 2 Apply accountable timeframes across the whole approval chain.** Statutory timeframes should apply where a planning authority, referral agency or utility provider is providing a statutory approval function. For other non-statutory or commercial functions, governments should establish clear service standards, transparent performance reporting, escalation and dispute resolution pathways where delays affect housing delivery.
- 3 Create faster, simpler approvals for most housing.** Governments should expand relevant pathways for code-assessable development via strategic planning with a focus on accelerated approvals for well-located, conventional development where appropriate evidence can be produced by proponents upfront. Further merit assessments should be reserved for genuinely complex or novel matters within developments.
- 4 Create single accountable coordination points for multi-agency projects.** State coordination bodies should be empowered and resourced to coordinate council, referral agency and utility input, resolve inconsistent requirements and prevent settled issues from being reopened later in the approval process.
- 5 Remove regulatory barriers to modern methods of construction (MMC).** Approval and certification and local government assessment processes, including state road access permits, should not impose unnecessary barriers on modular, prefabricated, panelised or other modern construction systems. Governments should support national consistent recognition and procurement pathways for compliant MMC products and systems. Government procurement should be used as a demand signal to help scale the industry.

Availability and use of land for housing

- 6 Adopt a delivery-ready and commercially feasible land supply benchmark.** Through the National Housing Accord, governments should report on land that is zoned, serviced, subdivision-ready, title-ready, infrastructure-funded and feasible under actual planning controls, rather than relying only on theoretical dwelling capacity. For infill areas, this should include realistic assumptions about take-up and delivery rates.

- 7 **Audit land-use controls against feasibility and housing delivery.** State and local governments should review height limits, floor space or plot ratio controls, minimum lot sizes, parking requirements, setbacks, site coverage, character provisions, heritage controls and environmental overlays to identify where cumulative constraints prevent feasible housing in locations identified for growth.
- 8 **Streamline subdivision, servicing and titling.** Land release reform should focus on the steps that convert released land into development-ready lots, including subdivision approvals, certification, title registration, utility servicing and infrastructure sequencing.

Processes and frameworks to deliver new and utilise existing housing infrastructure

- 9 **Use the Local Infrastructure Fund to unlock housing and support reform.** Funding should be available upfront for enabling infrastructure that unlocks housing in the short to medium term. Funding agreements should include clear housing supply outcomes, delivery milestones and reform commitments, and should prioritise jurisdictions that accept growth.
- 10 **Apply a housing supply test to infrastructure funding.** The Local Infrastructure Fund should prioritise projects with a clear, measurable and near-term link to additional housing supply, including local roads and footpaths, water, wastewater, drainage, electricity, utilities and transport interfaces.
- 11 **Allow flexible delivery partners and project types.** Infrastructure funding should be available to councils, utilities and private sector proponents where the proposal can demonstrate a clear housing supply outcome. Funding should be able to support infrastructure outside existing local infrastructure plans where the applicant can demonstrate deliverability and a direct link to housing supply.
- 12 **Reform development contributions to protect feasibility.** Contributions should be transparent, predictable, proportionate, linked to a clear need, and sequenced to reduce upfront financing pressure. Governments should consider staged or deferred payment, credits for works-in-kind, avoidance of double charging and public reporting on funds collected and infrastructure delivered.

Appendix B – Submission

1. Introduction

This submission responds to the Commission’s inquiry into the rules and regulations that affect housing supply and is directed to the matters the Commission has been asked to address for its interim report, including the regulations that most affect housing, a prioritised list of reforms to support faster and simpler approvals, make more land available and ready to build more homes.

The submission also has regard to the broader terms of reference, including the need to identify regulatory systems across jurisdictions that have the greatest impact on housing supply, housing affordability and construction productivity, to consider the benefits and objectives of regulation, to evaluate systems against best practice, and, where possible, identify reform opportunities with economic benefits.

The Property Council has prepared this submission within a short consultation window. It should be considered as its initial submission focused on the issues most relevant to the interim report. Further work should be undertaken by the Commission with industry following the interim report, including more detailed jurisdiction-by-jurisdiction evidence, assessment of reforms since 1 July 2024 and the quantification of the expected impact of reform on housing supply.

2. The Commission should apply a delivery-ready and commercially feasible supply test

Housing supply regulation should be assessed by whether it converts capacity into completed homes.

Governments often measure reform success by reference to rezonings, theoretical capacity for homes, planning approvals or the number of applications entering fast-track pathways.

These measures are relevant but otherwise incomplete. A home is not delivered until a project can move through the full chain of planning, approvals, infrastructure, finance, construction and completion. Australians cannot live in an approval.

A site can be zoned for housing but not serviced. It can be identified in a regional plan but not translated into a local planning scheme. It can be approved but subject to unresolved post-consent conditions. It can be theoretically capable of higher density but constrained by height, parking, setback or floor space controls that render delivery unviable. It can be ready to commence but delayed by utility connections, road access, drainage approvals or subdivision and titling processes.

A parcel of land should not be counted as meaningful capacity if the combination of height, floorspace, setbacks, parking or other requirements prevent commercially feasible housing from being delivered.

This is particularly important in infill markets, as theoretical infill capacity should not be treated as equivalent as likely to be delivered. Fragmented ownership, strata constraints, feasibility, infrastructure capacity and local planning controls mean only a proportion will be converted to homes in any given period.

Governments should not assume all theoretical capacity will be delivered but rather maintain sufficient zoned and feasible capacity to account for realistic take-up rates.

The Commission should investigate a national reporting framework that distinguishes between:

- Zoned or theoretical housing capacity,
- Feasible capacity under actual planning controls,
- Serviced capacity,
- Approval-ready capacity,
- Construction-ready approvals,
- Land capable of subdivision and titling,
- Dwellings delayed by approval conditions,
- Dwellings delayed by utility or infrastructure constraints or delivery, and
- Dwellings unlocked by specific infrastructure funding.

This would help shift the focus from planning announcements to delivery outcomes.

3. Approval processes

3.1 Development assessment and referrals

Industry feedback across jurisdictions indicates that development assessment and referrals remain major sources of delay, particularly where multiple agencies are involved, requirements change during assessment, or agencies revisit issues already resolved through strategic planning.

State-led facilitation pathways have been broadly welcomed where they provide clear decision-making authority, dedicated resourcing and reduced duplication. Examples include Queensland Priority Development Areas (PDAs), the Victorian Development Facilitation Program (DFP) and NSW housing delivery reforms, including the Housing Delivery Authority (HDA) and Development Coordination Authority (DCA). The lesson from these models is that faster pathways are most effective when they are adequately resourced, scaled and able to coordinate referral agency input.

Less effective reforms are those that create ad hoc fast-track pathways without scale, upzone land without resolving feasibility, or focus on approval speed without resolving infrastructure and post-approval constraints.

The Property Council recognises that several jurisdictions have introduced significant reforms to speed up assessment and improve coordination – the test will be whether these reforms are resourced, whether referral agencies and utilities can be brought to the table, and whether new pathways reduce the divide between approval and construction commencement.

The Commission should examine whether a report, referral or technical study is necessary in every situation, or at all. Examples include traffic reports where strategic transport issues are resolved, duplicated environmental reports across state and Commonwealth pathways, and repeated design, overshadowing or acoustic reports where objective standards have been met.

3.2 Post-approval bottlenecks

In several jurisdictions, the most significant constraints arise after planning consent has been issued. These include conditions that are difficult or slow to clear, operational works approvals, engineering approvals, utility approvals, certification, subdivision conditions and title registration. These steps can materially delay commencement, increase holding costs and create financing uncertainty.

The Commission should examine the time between planning approval and construction commencement, including whether that time can be broken down by state and territory, and by key approval stage.

The Commission should also recommend that governments establish ongoing public reporting of post-approval timeframes, including utility, referral agencies and council-controlled steps.

Some jurisdictions are already moving in this direction. For example, NSW has introduced post-consent support through the Development Coordination Authority (DCA). These reforms should be assessed by whether they reduce the time between approval and commencement, not only by whether they improve coordination on paper.

Post-approval reform should include:

- Standard conditions for common issues,
- Clear limits on reopening matters already resolved at planning approval,
- Binding timeframes for referral agencies and utilities,
- Enforceable escalation pathways where agencies do not respond in a timely manner,
- Clear separation between planning matters and building/certification matters, and
- A single accountable pathway for projects requiring multiple post-consent approvals.

3.3 Culture and capacity

Regulatory design by governments is only part of the task, and the housing delivery system will only work as fast as its weakest link. Some state utility providers and local governments face significant resourcing and capacity constraints, risk-averse decision cultures, complex legacy processes and insufficient performance accountability.

These issues continue to undermine otherwise well-designed reforms by state and territory governments around Australia.

The Commission should recommend that governments pair legislative reform with delivery capability reform. This should include resourcing, performance reporting, escalation mechanisms, digital tools, standardised documentation and clear agency accountability for housing delivery bottlenecks.

3.4 Modern methods of construction (MMC)

The terms of reference expressly include barriers to the uptake of more productive methods of construction. The Commission should treat modern methods of construction as a housing supply and productivity reform.

MMC, including modular, prefabricated, panelised and volumetric systems, can improve speed, quality, safety and consistency.

However, uptake is constrained by regulatory inconsistency, uncertain certification pathways, public procurement practices that favour traditional construction, transport permitting barriers and limited pipeline certainty.

While the National Construction Code is out of scope for this inquiry, the Commission should examine adjacent regulatory barriers that prevent otherwise compliant modern construction methods from being used efficiently. This includes road permits for volumetric modular construction, production-neutral certification (not favouring on site over off site construction), acceptance of factory quality assurance processes and procurement settings that allow innovative methods to compete fairly.

A practical barrier to MMC is the lack of consistent recognition of building products and systems across jurisdictions. For example, a modular, prefabricated or panelised component manufactured

and certified for use in one state or territory may still face additional approval, certification or compliance uncertainty before it can be used in another jurisdiction. This undermines the scalability of factory-based construction, as manufacturers cannot confidently supply into a national market.

Local government planning, certification and inspection processes can also limit the efficiency gains from MMC where council or certifiers are unfamiliar with factory-based construction, modular components and product-level assurance processes. This creates inconsistent treatment across jurisdictions and undermines the economies of scale needed for MMC to contribute to housing supply.

Certification should test whether the product or building system meets the required standard, not whether it was made on site, off site, interstate or through a traditional construction process.

3.5 Examples of practical reforms

The Commission should consider practical reforms that reduce duplication, improve coordination and make approval requirements easier to satisfy.

The objective should be to streamline approval pathways, not to add another layer of process. New coordination, reporting or accreditation mechanisms should replace, consolidate or simplify existing requirements wherever possible.

Reducing duplication between Commonwealth, state and territory assessment pathways

Governments should reduce duplicated assessment where the same environmental, heritage, infrastructure or technical issues are considered by multiple decision-makers.

This could include state-Commonwealth bilateral agreements, accreditation frameworks or equivalent mechanisms that allow assessment to occur once against clear, outcomes-based standards, while retaining appropriate safeguards and nationally significant matters at the relevant level of government.

Where bilateral or accredited pathways are used, they should be supported by clear roles, transparent standards, accountable timeframes and confidence that assessment outcomes will be accepted by all relevant decision-makers. The purpose should be to reduce duplication and repeated reporting, not to shift proponents through parallel processes with different labels.

Incentivising coordinated, single-entry approval pathways

The Australian Government should use funding agreements and intergovernmental processes to incentivise states and territories to establish single coordination points or lead agencies for projects involving multiple approvals.

These pathways should coordinate council, referral agency, utility and infrastructure input early in the process, resolve inconsistent requirements, and prevent settled matters from being reopened at later approval stages.

Single-entry pathways are most valuable where they have authority to convene agencies, enforce timeframes, escalate unresolved issues and provide proponents with a clear line of accountability.

Supporting integrated digital approval systems and shared data standards

Governments should invest in nationally compatible digital systems and shared data standards to support concurrent assessment, reduce repeated information requests and improve transparency across agencies and jurisdictions.

Digital reform should focus on practical delivery outcomes, including clearer lodgement requirements, standardised documentation, better tracking of referral and utility timeframes, and more transparent reporting of where delays occur.

Digital systems and AI-assisted tools can support faster assessment, but they will only be effective where the underlying planning rules are clear, agencies are adequately resourced, and decision-makers are accountable for timely outcomes.

4. Availability and use of land for housing

4.1 Theoretical capacity is not enough

A recurring theme in industry feedback is the gap between land that is zoned or identified for housing and land that is capable of delivering housing in practice. This gap is caused by infrastructure constraints, local planning controls, overlays, subdivision delays, titling delays and project feasibility.

In greenfield markets, land release, subdivision, servicing and titling are often central constraints. In infill markets, constraints more commonly arise from site assembly, restrictive planning controls, feasibility, parking, design requirements, heritage and environmental overlays and utilities. A best-practice system must address both.

4.2 Land-use controls and feasibility

Land-use controls serve legitimate objectives, including environmental protection, heritage conservation, amenity, employment land protection, safety and infrastructure planning.

The key problem facing these controls is cumulative constraint. Individually, a height limit, parking standard, setback, plot ratio, character control or environmental overlay may be justified. Together, these controls can neutralise intended uplift and make a project unviable, even in locations that governments have identified for growth.

Land-use reforms should be supported by feasibility testing before they are finalised, as controls that appear to increase theoretical capacity can still sterilise sites if they only permit a built form that is not commercially feasible in that market. For example, controls that enable high-rise outcomes but do not support mid-rise development may leave key sites undeveloped for longer, rather than accelerating supply.

The Commission should recommend that governments audit land-use controls in well-located or identified growth areas to identify where they prevent feasible housing outcomes. This should include:

- Low-density zoning in inner and middle-ring suburbs,
- Height limits that prevent apartment feasibility,
- Floor space, plot ratio, setback, site coverage and transition controls that reduce yield,
- Parking requirements that require expensive basement construction or reduce deliverable homes,
- Minimum lot sizes and subdivision restrictions,
- Restrictive definitions of permissible housing typologies,
- Heritage and neighbourhood character controls applied too broadly,
- Environmental, biodiversity, flooding and other overlays based on outdated or inaccurate mapping,
- Affordable housing requirements that are not calibrated to feasibility at the project level, and

- Design controls that regulate consumer preferences rather than market failures.

The Property Council supports, in principle, allowing greater density including townhouses, apartments and subdivisions in well-located areas such as near transport and town centres. Any reforms to allow these should be tested against commercial feasibility.

Feasibility should be assessed collectively, and not control by control. A project can remain feasible under one or more constraints, but not necessarily the cumulative effect of height limits, floor space or plot ratio controls, setbacks, parking and other requirements.

4.3 Implementation of strategic plans

State and territory regional and strategic plans are only effective if they are translated into local planning instruments, infrastructure programs, and capital works programs. Industry feedback indicates that this translation is often slow, inconsistent and resource-constrained. In some cases, regional growth intent is undermined by local controls or overlay mapping that otherwise prevents land inside these areas, intended for growth, to be used for housing.

The Commission should recommend that regional and strategic planning frameworks include clear implementation timeframes, accountability for local scheme amendments and escalation pathways where local implementation is delayed. It should also recommend that mapping and overlays be kept current, evidence-based and subject to clear review mechanisms.

5. Processes and frameworks to deliver new and utilise existing housing infrastructure

Infrastructure is one of the central constraints on housing delivery. The issue is not only the quantum of infrastructure funding, but also timing, sequencing, agency coordination, contribution design and delivery accountability.

5.1 Infrastructure sequencing

Growth identified through planning frameworks is not always matched with timely infrastructure investment by governments, which creates uncertainty for councils, infrastructure providers and industry.

It also means land that appears available in planning documents or announced by governments may not be development-ready in practice.

The Commission should recommend that governments publish local housing infrastructure plans for growth areas and major infill precincts, developed with local government, utilities and relevant agencies. These should identify the infrastructure required to unlock housing, the responsible agency, funding status, delivery timing and dwellings affected.

5.2 The Local Infrastructure Fund

The Property Council has welcomed the Australian Government's \$2 billion Local Infrastructure Fund. However, given the national scale of housing-enabling infrastructure need, the fund should not be spread thinly across general local works. It should be targeted to projects that directly unlock additional homes in the short to medium term.

The key opportunity for the Australian Government is to use the fund as both an infrastructure investment and a reform incentive.

This does not mean withholding funding until after housing is delivered, as the fund should provide upfront support for enabling infrastructure where it is needed to unlock housing.

This approach avoids a circular outcome where jurisdictions need infrastructure funding to improve housing delivery but cannot access funding until delivery has already completed.

The fund should be designed around the following principles:

1. Clear and measurable housing supply outcomes,
2. Priority for essential enabling infrastructure, including local roads and footpaths, water, wastewater, drainage, electricity, utilities and transport interfaces;
3. Alignment with established growth strategies and infrastructure projects,
4. Ability for councils, utilities and private proponents to participate where a clear housing outcome can be demonstrated,
5. Ability to fund infrastructure outside existing local infrastructure plans where the proponent can demonstrate deliverability and a direct link to housing supply,
6. Support for works-in-kind and partnership delivery models,
7. Timelines that reflect construction, utility and market realities, and
8. Public reporting on dwellings unlocked, delivery milestones and expenditure.

5.3 Utility providers and delivery partners

State utility providers are central to housing delivery. Delays in water, wastewater, drainage, electricity and other utility approvals and works can prevent zoned and approved projects from commencing. In some growth areas, utility capacity is the binding constraint on housing supply.

Some jurisdictions and utilities have begun reform programs to improve delivery performance, including housing-focused roadmaps, action plans and other processes. These should be assessed by the Commission according to whether they reduce actual timeframes and unlock additional homes.

The Commission should recommend that governments impose clearer performance obligations on utility providers where their decisions affect housing delivery. This should include response timeframes and service standards, transparent capacity planning, enforceable escalation pathways and mechanisms to enable partnership delivery with private providers where appropriate.

5.4 Development contributions

Development contributions are necessary as a mechanism to support funding infrastructure required by growth. However, poorly designed contribution frameworks effectively operate as a tax on new housing and undermine project feasibility.

The cumulative impact of infrastructure charges, state and local levies, utility costs, taxes and required works in many cases determine whether a project proceeds. This is especially acute for apartments, infill housing and marginal greenfield projects.

Best-practice contribution frameworks should be:

- Predictable and transparent,
- Linked to clear need,
- Proportionate to the development activity,
- Sequenced to reduce upfront financing pressure,

- Supported by credits for works-in-kind,
- Designed to avoid double charging,
- Hypothecated to infrastructure that supports the relevant growth area, and
- Subject to public reporting on funds collected and infrastructure delivered.

Governments should consider deferring or staging contributions from construction certificate or equivalent stages to occupation certificate or later delivery milestones where this can improve cash flow without reducing the total amount of contributions paid.

Contributions should be limited to infrastructure with a clear connection to the development and apportioned by expected use and benefit. Whilst known and efficient contributions can be capitalised into land values, many regimes are not known, fixed or cost-reflected at the point land is acquired and projects are financed.

These uncertain or changing charges cannot be effectively priced and instead increase risk, reduce margins and delay projects.

6. National leadership

The Australian Government should lead by coordinating with states and territories, using funding to incentivise reform and performance, and publishing transparent national reporting. This should not displace state and territory planning responsibilities, but it should create a discipline around national reform that rewards jurisdictions that convert capacity into completed homes.