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Australian Government
Productivity Commission



Thursday, 27 August 2026

Re: Housing Supply Regulation – Interim Report

To Whom It May Concern,

1. Introduction

Narrabri Shire Council appreciates the opportunity to provide input to the *Housing Supply Regulation Interim Report*. While regulatory settings influence development processes, the primary constraints on housing supply in regional and remote areas such as Narrabri are structural, market-based, and environmental. These constraints limit the ability of councils and communities to respond to emerging housing needs, despite strong strategic planning and clear and imperative demand. It is also worth noting that this document and relevant studies are in relation to 'cities' and regional and rural areas are completely different from city areas and require further studies and investigations to support housing growth in these areas.

1.1 What is Narrabri Council doing to support residential development

Narrabri Shire Council is actively undertaking a range of initiatives to support residential development, despite the significant structural constraints affecting the local housing market. These actions aim to improve development readiness, attract investment, and ensure the community is positioned to respond to future housing demand.

- Preparing and implementing the Narrabri Place Strategy – Residential Precinct, which identifies flood-free land suitable for future housing and outlines a clear pathway for staged development.
- Applying for grant funding and low interest loans, to instigate infrastructure investigations to determine requirements to ensure the Residential Precinct is development ready when funding becomes available.
- Advocating strongly to state and federal governments for targeted funding to deliver enabling infrastructure such as sewerage treatment upgrades, road intersections, water supply improvements and stormwater management.
- Maintaining up-to-date flood modelling and infrastructure planning to ensure future residential land can be unlocked efficiently once funding is secured.



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These actions demonstrate that Narrabri Shire Council is doing everything within its capacity to support residential development. However, without external funding, private developer participation and major infrastructure investment, the scale of housing required cannot be delivered locally.

2. Key Constraints Affecting Housing Supply

2.1 Housing Costs and Rental Pressures in Narrabri

Housing affordability in Narrabri has tightened significantly in recent times, driven by limited supply, strong workforce demand, and constrained land availability. Recent data shows clear upward pressure on both purchase prices and rents.

- The median house price in Narrabri sits between \$447,000 and \$470,000 depending on the dataset and quarter, with a June 2025 stratified median of \$450,000 for a three-bedroom house and a January 2025 Council-reported median of \$447,000.
- Realestate.com.au reports a June 2025 – June 2026 median of \$470,000 for houses, with three-bedroom homes at \$444,750.
- Median weekly rents have risen sharply, with Narrabri Shire Council reporting \$500 per week in January 2025 and up to \$650 per week in August 2026.
- Domain's Rent Report (September quarter 2025) shows Narrabri's median rent at \$530 per week, an annual increase of 17.8%, placing Narrabri among the highest rental growth LGAs in NSW.
- Realestate.com.au rental data for June 2025–2026 shows median house rents at \$550 per week, with three-bedroom homes at \$540 per week, four-bedroom homes at \$600–\$650 per week.
- Rental vacancy rates confirm extremely tight conditions.

These rising costs reflect scarcity rather than amenity, with limited new supply entering the market and strong competition from short-term workforce accommodation demand.

2.2 Essential Worker Housing Shortages

The combination of rising rents, increasing purchase prices, limited private developer activity, and constrained flood-free land supply has created a housing environment where affordability is deteriorating rapidly. Demand for housing continues to increase, yet supply remains static. As a result, essential workers – including doctors, nurses, police, teachers, and emergency services personnel – are unable to secure suitable housing within Narrabri. This directly affects the ability of local services to attract and retain staff, with several agencies reporting recruitment delays or unsuccessful appointments due to the lack of available accommodation. The shortage of affordable housing is therefore not only a community issue but a critical workforce and service delivery risk for the region.

2.3 Workforce Accommodation and Mining Camps

Narrabri's shortage of affordable housing has led to increased reliance on mining camps and temporary workforce accommodation.

- Large rotating workforces associated with mining, energy, and construction projects cannot be housed within the existing rental market.
- Mining camps fill the gap created by extremely low vacancy rates and rising rents, with median rents increasing 17.8% in one year.
- These facilities support industry operations but do not contribute to permanent housing supply or community stability.
- Heavy reliance on temporary accommodation places pressure on local services without improving long-term housing availability.

Mining camps are therefore a symptom of structural housing shortages, not regulatory barriers.

2.4 Limited Commercial Development Capacity

Narrabri's housing market is characterised by a non-existent pool of large-scale commercial developers and small pool of builders.

- Inability for Narrabri to attract large scale developers to invest in Narrabri's future, and to deliver the Narrabri Residential Precinct (residentially zoned).
- Developers face higher mobilisation costs due to distance and scale.
- Growing construction costs, delivery costs and delivery delays.
- Even modest increases in construction costs can render projects unviable.

This is not a regulatory issue; it is a market capacity issue that restricts the delivery of new housing, regardless of planning settings.

2.5 Lack of Flood-Free, Serviced Residential Land

A significant proportion of land surrounding Narrabri is flood prone. The Narrabri Place Strategy identifies land in the Residential Precinct (2100 homes) that is largely flood free and suitable for future residential development; however, this land is privately owned and requires substantial monetary investment to unlock and service. This severely limits the amount of land that can be feasibly developed for new housing and places substantial cost burdens on Council, which does not have the financial capacity to deliver the enabling infrastructure required to support development at scale.

- Servicing the Residential Precinct requires major upfront investment in water, sewer, roads, and stormwater infrastructure. This includes new sewerage treatment plants, upgraded road intersections, trunk drainage, and other large-scale, high cost works that exceed the financial capacity of local government.
- Without external funding, councils cannot unlock land at the scale required to meet current and future housing demand.
- Large-scale coal and energy developments have obligations to deliver housing under consent conditions, but proponents are reluctant to invest in housing on flood-affected land due to viability constraints and long-term risk exposure.

2.6 Funding Limitations for Strategic Precinct Delivery

Narrabri Shire Council and the Department Planning, Housing and Infrastructure has prepared the *Narrabri Place Strategy - Residential Precinct*, identifying a clear pathway and demand for new housing supply. However, delivering this precinct requires significant enabling infrastructure and land preparation.

- Local government revenue is insufficient to fund major infrastructure works and even to repay substantial loans.
- Grant programs are competitive, not appropriate and often favour metropolitan growth areas.
- Without targeted funding, precinct planning cannot translate into housing outcomes.

The issue is not regulation — it is the absence of sustained, fit-for-purpose funding mechanisms for regional housing precincts.

3. Why Regulatory Reform Alone Will Not Address Regional Housing Needs

Regulatory changes may streamline processes, but they do not resolve the fundamental constraints faced by regional councils:

- Developers will not enter markets where viability is low.
- Land cannot be developed if flood mitigation and servicing costs exceed potential profits.
- Councils cannot deliver precincts without external capital investment.

A regulatory focus risks overlooking the structural realities of regional housing delivery.

4. Opportunities for Government Support

4.1 Targeted Funding for Regional Housing Precincts

Dedicated funding streams should support councils to deliver precincts identified in local place strategies.

- Grants or low interest loans to purchase land.
- Grants for enabling infrastructure (water, sewer, roads, stormwater).
- Multi-year programs to support staged precinct delivery.

4.2 Support for Market Activation

Government intervention can help stimulate development activity in low-volume markets such as Narrabri, where private sector participation and investment is limited and development viability is constrained.

- Incentives for commercial developers to operate in regional areas, including financial support, risk sharing arrangements, or targeted grants that may improve project feasibility.
- Partnerships with community housing providers to deliver affordable housing, particularly in locations where private developers are not active.

These measures would help address the structural barriers to housing supply by improving development viability.

5. Recommendations

Narrabri Shire Council recommends that the Housing Supply Regulation Interim Report acknowledge and respond to the structural, market and environmental constraints affecting regional, rural and remote housing delivery. The following actions are essential to support sustainable housing growth in Narrabri and similar communities:

- Establish targeted funding programs to support delivery of regional housing precincts, including land acquisition, preparation of DA's, enabling infrastructure and staged development.
- Provide grants or low-interest loans for councils to deliver water, sewer, roads, stormwater and other critical infrastructure required to unlock flood-free residential land.
- Introduce market activation initiatives that encourage private developers to operate in regional areas, including financial incentives, risk-sharing mechanisms and feasibility support.
- Recognise the unique needs of regional, rural and remote communities and ensure statewide housing strategies do not disproportionately favour metropolitan areas.
- Support coordinated planning and investment to unlock the Narrabri Residential Precinct land.
- Develop funding mechanisms that reflect the limited revenue base of regional councils and the high cost of infrastructure delivery in remote locations.

These recommendations aim to address the structural barriers to housing supply and ensure regional communities can meet essential workforce, industry and population needs.

6. Conclusion

This document only addresses a very small area of New South Wales and essentially overlooks the majority of the state. Regional, rural and remote communities make up a substantial portion of NSW, yet their housing challenges, structural constraints and infrastructure needs differ significantly from metropolitan areas. A statewide housing strategy must recognise that the conditions affecting Sydney, Newcastle and Wollongong do not reflect the realities faced by inland and remote councils. Without dedicated attention to these areas, the state risks reinforcing an imbalance where cities continue to receive the bulk of investment and policy focus, while regional communities struggle to meet basic housing demand, attract essential workers and support economic growth. A more equitable and representative approach is required to ensure the whole state is supported, not just its metropolitan centres.

Yours faithfully,

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