

Submission in Response to the Productivity Commission's Interim Report – Inquiry into Housing Supply Regulation

1. Introduction

Thank you for the opportunity to provide further input following release of the Productivity Commission's *Interim Report – Housing Supply Regulation* (July 2026). I appreciate the Commission's work to examine the regulatory settings that influence housing supply and the broader policy environment in which planning systems operate.

My initial submission (14 June 2026) emphasised that planning systems are not simply administrative hurdles but essential public institutions that balance competing interests: environmental protection, infrastructure capacity, neighbourhood character, hazard management, and community wellbeing. While the interim report identifies genuine opportunities for improving efficiency, coordination and clarity, it also adopts several assumptions about regulation, supply and affordability that warrant closer scrutiny.

This submission responds to the interim report's key themes and reform directions, and highlights areas where the analysis should be strengthened before the final report is prepared.

2. The Interim Report's Framing of the Problem

2.1 The report overstates the role of regulation in driving unaffordability

The interim report repeatedly asserts that “regulation limits housing development” and that relaxing land-use controls would have “the greatest effect on housing supply.” This framing risks overstating the causal role of planning regulation in Australia's affordability crisis.

As outlined in my initial submission, housing affordability is shaped by a wide range of factors:

- interest rates;
- construction costs;
- labour shortages;
- infrastructure constraints;
- investor tax settings;
- land banking;
- market feasibility; and
- global capital flows.

Planning regulation plays a role, but it is not the dominant driver. The interim report acknowledges these factors but continues to place disproportionate weight on regulatory settings as the primary constraint. This risks producing reform recommendations that are misaligned with the true drivers of affordability.

2.2 Supply ≠ affordability

The interim report relies heavily on international literature suggesting that increased supply reduces prices over time. While this is true in broad macroeconomic terms, the report does not adequately address the limitations of this relationship in high-demand markets like Sydney.

As noted in my initial submission:

- New supply is often absorbed by higher-income households or investors;
- Filtering effects are slow and uneven;
- Localised upzoning can increase land values and development feasibility without delivering affordability; and
- Infrastructure constraints limit the practical capacity of suburbs to absorb additional dwellings.

The interim report should more clearly distinguish between theoretical supply increases and actual affordability outcomes.

3. Land-Use Controls and Upzoning

3.1 The report's call for broad-based upzoning is too blunt

The interim report recommends allowing three-storey development on most residential land, reducing minimum lot sizes, and enabling more mid- and high-rise development in high-demand areas. While these ideas may increase theoretical capacity, they carry significant risks:

- Infrastructure overload - Many suburbs already face severe congestion, school shortages, hospital strain, and limited public transport capacity.
- Loss of neighbourhood character - Communities reasonably expect that planning frameworks will not be radically altered without meaningful consultation.
- Community opposition - Broad, untargeted upzoning often triggers backlash that ultimately slows housing delivery.
- Environmental impacts - Sensitive foreshore, bushland and hazard-affected areas cannot absorb increased density without unacceptable risk.

The interim report should place far greater emphasis on infrastructure-aligned, targeted density increases, not blanket upzoning.

3.2 Controls that serve legitimate public purposes must be retained

My initial submission identified several controls that should not be weakened:

- heritage protections;
- building height limits;
- minimum lot sizes;
- neighbourhood character controls; and
- environmental and hazard overlays.

These controls are essential to balancing growth with liveability. The interim report acknowledges the need to retain some protections but does not sufficiently recognise the public value these controls provide. As NSW Premier Chris Minns stated in the Legislative Assembly on 8 August 2018:

“We are....being hit with an avalanche of many ugly, poorly built developments that are substantially detracting from the beauty of our city....[W]hen the community objects to a twenty-story tower being constructed in the heart of their suburb they are not being difficult or petty because they are right when they say it will change that community forever.....”

4. Approval Processes

4.1 The interim report correctly identifies administrative inefficiencies

I support the report's findings that:

- referral agencies often operate without statutory timeframes;
- duplicated assessments create unnecessary delay;
- inconsistent or frequently changing controls create uncertainty; and
- under-resourcing is a major bottleneck.

These issues align closely with the concerns raised in my initial submission.

4.2 However, the report risks conflating necessary complexity with unnecessary burden

Development assessment is inherently detailed because planning decisions are irreversible and have long-term consequences. The interim report should more clearly distinguish between:

- complexity that protects public interests; and
- complexity that arises from poor administration or unclear policy.

The solution is not deregulation, but better resourcing, clearer guidance, and more consistent processes.

4.3 Safeguards must not be weakened

My initial submission emphasised two safeguards that must be retained:

- community participation and third-party objection rights; and
- human judgment in assessment.

The interim report does not adequately address these issues. Any reform that weakens community participation or replaces professional judgment with automated pathways risks undermining public trust in the planning system.

5. Housing-Enabling Infrastructure

5.1 Infrastructure is the primary constraint in many suburbs

The interim report correctly identifies infrastructure coordination as a major barrier to housing supply. However, it understates the extent to which infrastructure capacity (including social infrastructure) - not zoning - is the limiting factor in established suburbs.

Communities are far more willing to support additional housing when accompanied by:

- public transport investment;
- new schools and health services;
- open space and community facilities; and
- water, sewer and utility upgrades.

Without these elements, density increases are neither feasible nor socially sustainable.

5.2 Development contributions must be retained

The interim report raises questions about developer contributions. My initial submission emphasised that contributions:

- ensure developers pay for the infrastructure that makes their projects viable;
- prevent cost-shifting onto existing residents; and
- support social infrastructure that communities rely on.

Reforms should improve transparency and predictability, but the principle of contributions must remain. As NSW Premier Chris Minns stated in the Legislative Assembly on 8 August 2018:

“There should be a recognition that developers...will have to dip into their share [of windfall gains] in order to fund and support infrastructure for those in the immediate area. Most importantly, they should provide new open spaces.... We owe it to future generations to build developments with infrastructure. We only get one shot at it.”

6. Overarching Observations

6.1 Planning systems provide essential public value

The interim report risks framing planning systems primarily as obstacles to supply. This overlooks their core purpose: balancing growth with environmental protection, infrastructure capacity, hazard management, neighbourhood character and community wellbeing.

6.2 Housing capacity is not the same as housing delivery

Increasing theoretical capacity does not guarantee that homes will be built. Market feasibility, construction costs, interest rates and developer behaviour all influence delivery. The interim report should place greater emphasis on these factors.

6.3 Existing residents have legitimate interests

The interim report acknowledges community concerns but does not sufficiently recognise that residents reasonably expect stability in planning frameworks. Reforms must be accompanied by genuine consultation, not imposed from above.

7. Conclusion

The interim report identifies important opportunities to improve efficiency, coordination and clarity within planning systems. However, several reform directions - particularly broad-based upzoning and deregulation - risk undermining the essential public value that planning systems provide.

The final report should:

- adopt a more balanced view of regulation’s role in affordability;
- emphasise infrastructure-aligned, targeted density increases;
- strengthen analysis of infrastructure constraints;
- retain essential safeguards, including community participation;
- distinguish between theoretical capacity and actual delivery;
- recognise the legitimate interests of existing residents; and
- prioritise administrative efficiency over deregulation.

Australia’s housing challenges are significant, but the solution is not wholesale deregulation. The most effective reforms will improve certainty, coordination and infrastructure delivery while maintaining the safeguards that ensure housing is built in appropriate locations and supported by adequate services.

I welcome the opportunity to engage further as the Commission prepares its final report.

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25 September 2026