



Every Queensland
community deserves
to be a liveable one

Housing supply regulation – Interim report

Submission to the
Federal Productivity Commission

September 2026

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About the Local Government Association of Queensland (LGAQ)

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association established solely to serve councils and their needs. The LGAQ has been advising, supporting, and representing local councils since 1896, enabling them to improve their operations and strengthen relationships with their communities. The LGAQ does this by connecting councils to people and places; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and providing them with the means to achieve community, professional and political excellence.

Housing supply regulation – Interim report

1.0 Executive Summary

The LGAQ welcomes the opportunity to provide feedback to the Federal Productivity Commission (the Commission) on the *Housing supply regulation – Interim report* (Interim report), released for public consultation in July 2026.

The LGAQ understands the Commission is seeking feedback on the Interim report to inform the final report due to the Federal Government in March 2027, which will identify potential reforms to support the National Housing Accord targets.

As the Interim report notes, the scope of the inquiry being run by the Commission is to identify recommended reforms on the following matters:

- Approval processes (e.g. development, building and post-approvals, including any barriers to the uptake of more productive methods of construction).
- Availability and use of land for housing (e.g. land release, land use controls).
- Processes and frameworks to delivery new and utilise existing housing infrastructure (e.g. growth infrastructure planning, developer contributions model).

Local governments play an important role in facilitating housing supply and growth across Queensland. Councils are responsible for activities such as strategic land use planning, development assessment, infrastructure planning and the delivery of infrastructure assets for local communities.

As the level of government closest to the community, local governments are best placed to manage the balance between increasing housing supply whilst maintaining important environmental, economic and social considerations which impact their local communities.

Throughout Queensland, councils have continually demonstrated a strong commitment to enabling housing supply. Queensland councils have consistently supported housing supply through the zoning of land and approval of significant housing stock. This includes zoning sufficient broadhectare land to accommodate more than 583,000 new homes, planning infrastructure capacity for more than one million additional infill homes and approving approximately 100,000 new residential lots and approximately 200,000 multiple dwellings which are yet to be delivered.

The key issue identified by Queensland councils is not a lack of willingness by local government to plan for and approve housing. Rather, the evidence points to systemic barriers after approval, including infrastructure funding constraints, construction capacity, financing conditions and market feasibility. The Commission's final report should therefore give greater weight to reforms that activate existing zoned and approved housing supply, rather than assuming that further land-use deregulation will, of itself, increase housing delivery.

In preparing this submission, the LGAQ has sought feedback from councils across Queensland and considered relevant policy positions of local government as outlined in the LGAQ Policy Statement (**Attachment 1**) and previous LGAQ Annual Conference resolutions (**Attachment 2**).

While this submission draws on the experience of Queensland councils, the matters raised have national relevance. The LGAQ encourages the Commission to use Queensland's experience as a case study to inform broader recommendations about the role of local government, infrastructure funding, development assessment, cost shifting and place-based housing responses across Australia.

1.1 Recommendations

The LGAQ has prepared detailed comments in relation to each of the topics outlined in the Interim report and has made 17 recommendations, summarised below:

Recommendation 1: The LGAQ recommends the Commission ensures that any proposed housing supply reforms do not result in further cost shifting to local governments or communities, including through reduced infrastructure cost recovery, increased service responsibilities or unfunded implementation obligations.

Recommendation 2: The LGAQ recommends the Commission ensures any recommendations relating to deregulation are informed by a clear assessment of the public policy objectives served by relevant regulatory frameworks, including community safety, infrastructure coordination, environmental protection, heritage conservation and the preservation of local character.

Recommendation 3: The LGAQ recommends the Commission ensures any reform efforts outlined in the final report focus on improving the efficiency and effectiveness of regulation rather than reducing regulation.

Recommendation 4: The LGAQ recommends the Commission calls on the Federal Department of Defence to undertake a comprehensive review of UXO mapping to remove unnecessary regulatory burden for infill development.

Recommendation 5: The LGAQ recommends the Commission, in the final report, acknowledges that Queensland already has substantial zoned and approved housing capacity, and therefore, reform efforts should focus on infrastructure funding and delivery mechanisms that enable the activation of existing housing supply, rather than assuming additional land-use deregulation or land release will, of itself, increase housing delivery.

Recommendation 6: The LGAQ recommends the Commission ensure any reform directions recognise the requirement for place-based regional housing responses and targeted funding, such as expansion and modification of the first homeowners grant scheme.

Recommendation 7: The LGAQ recommends the Commission undertakes further analysis of local government development assessment performance across Australia, utilising publicly available data to avoid causing administrative burden to local governments, to

better understand development assessment timeframes and delay factors. Any recommendations to reform approval processes need to be evidence-based and directed towards bottlenecks derived from data.

Recommendation 8: The LGAQ recommends the Commission reviews the total number of housing approvals produced by local government approval pathways comparative to alternative State Government assessment pathways, prior to any recommendations which relate to state-led or fast-tracked assessment models.

Recommendation 9: The LGAQ recommends the Commission acknowledges that local governments should remain the principle decision-maker for development, as the level of government closest to the community.

Recommendation 10: The LGAQ recommends the Commission refocuses reform efforts to infrastructure planning, funding and delivery to unlock already approved housing stock, rather than land-use reform.

Recommendation 11: The LGAQ recommends the Commission includes reform priorities within the final report which call for sustainable, long-term infrastructure funding to unlock catalytic, housing-enabling infrastructure.

Recommendation 12: The LGAQ recommends the Commission ensures any land use reforms proposed in the final report discourage out-of-sequence development and encourage development to occur within planned infrastructure areas, or equivalent growth areas across jurisdictions (such as the Priority Infrastructure Areas in Queensland).

Recommendation 13: The LGAQ recommends the Commission, before finalising any reform proposals, reviews the legislative frameworks applying to local governments and identifies and analyses alternative frameworks (such as Economic Development Queensland). The analysis should compare powers, funding and infrastructure charging arrangements and operational contexts.

Recommendation 14: The LGAQ recommends the Commission works with relevant stakeholders, including State and Territory governments, local government associations and local governments, to review the existing infrastructure planning and funding frameworks prior to recommending reform directions.

Recommendation 15: The LGAQ recommends the Commission include a recommendation that all States and Territory governments undertake a review of existing infrastructure charging models, including developer contribution (i.e. Queensland's capped infrastructure charges) and grant funding frameworks, with a view to understanding whether existing models enable local governments to recover an adequate share of costs.

Recommendation 16: The LGAQ recommends the Commission, before the finalisation of the final report, undertakes further detailed consultation with local governments to better understand the barriers inhibiting housing supply and opportunities for targeted, beneficial reform.

Recommendation 17: The LGAQ recommends the Commission investigate the continuation of the Local Roads and Community Infrastructure Program, or the establishment of a permanent successor program, providing ongoing, formula-based funding to local governments to support the renewal, maintenance and delivery of essential local infrastructure and community assets.

Should you have any further questions, please contact Crystal Baker, Manager – Strategic Policy via email: [Redacted] or Maddison Granzin, Senior Policy Officer – Planning and Development via email: [Redacted].

2.0 Introduction

The LGAQ acknowledges and recognises the need to increase housing supply across Australia. In principle, Queensland councils support the overarching objective of the *Housing Supply Regulation – Interim Report*, which calls for a well-functioning housing and planning regulatory system that enables housing, whilst balancing economic, social, cultural and environmental outcomes.

Local governments do not directly deliver housing but instead play a role in facilitating housing supply through strategic land use planning, development assessment and compliance, infrastructure coordination and local policy setting.

Given the importance of housing supply to the community and the important role of local government in supporting housing supply, the *Housing Supply Regulation – Interim report* and future reform directions are of considerable interest to Queensland councils.

As such, the LGAQ welcomes the opportunity to provide feedback to the Productivity Commission (the Commission) on the *Housing Supply Regulation – Interim Report* (Interim report).

This submission follows an earlier submission from the LGAQ to the Commission, in June 2026, which was intended to inform the preparation of the Interim report. The LGAQ's prior submission called on the Commission to be informed by data and recommended the Commission acknowledge unique state-by-state opportunities and challenges. In particular, the LGAQ's prior submission highlighted that:

- Queensland councils have already zoned enough broadhectare land for more than 583,000 new homes¹.
- Queensland councils have zoned for more than 1,000,000 new infill homes.
- Queensland councils have also approved approximately 100,000 new residential lots as at September 2025².
- Queensland councils have approved an estimated 190,000 multiple dwellings.
- While Queensland councils have zoned for more than 583,000 broadhectare lots and have approved ~100,000 residential lots, industry delivered just ~18,000 lots in 2025³.
- While Queensland councils have zoned for more than 1,000,000 new infill homes and have approved nearly 200,000 multiple dwellings, industry delivered just over 10,000 multiple dwellings in 2025⁴.
- Per the above, council zoning and approvals are not a hinderance to housing supply in Queensland, however, housing-enabling trunk infrastructure remains significantly under-funded in Queensland - hindering the delivery of actual housing.

Noting the above, the LGAQ's prior submission recommended that the Commission prioritise identifying a permanent solution for infrastructure funding, to activate councils' planned housing supply, and support a further long-term pipeline of planned housing.

¹ [Residential land supply and development: Residential development | Queensland Government Statistician's Office](#)

² [Residential land supply and development: Residential development | Queensland Government Statistician's Office](#)

³ [Residential land development activity profiles \(Queensland Government Statistician's Office, Queensland Treasury\)](#)

⁴ [Building Activity, Australia, March 2026 | Australian Bureau of Statistics](#)

This submission summarises the relevant local government positions on the Interim report. Most notably, any efforts to improve housing supply must not simply focus on matters relating to local governments, such as approval processes, zoned capacity and planning reform. Instead, a broader review of the barriers which are preventing the delivery of housing supply is required and a coordinated response between all levels of government, service providers and the development industry is required to achieve meaningful progress.

This report is structured to mirror the themes and respond to the reform directions outlined in the interim report, as follows:

- 3.0 Best practice for housing regulatory systems
 - o 3.1 Regulation impacts on housing supply
 - o 3.2 Principles of a best practice regulatory system for housing
- 4.0 Unlocking more homes through better land-use regulation
 - o 4.1 Land supply and development ready land
- 5.0 Reducing the burden of approvals
- 6.0 Delivering housing-enabling infrastructure
 - o 6.1 The importance of adequate infrastructure funding
 - o 6.2 Opportunities to improve infrastructure planning and coordination
 - o 6.3 Infrastructure funding arrangements.

Within the scope of the Inquiry, the LGAQ encourages the Commission to consider the recommendations made in this submission. These recommendations seek to underscore the role local government plays in facilitating housing and ensure councils are appropriately supported and resourced to play this role.

2.1 LGAQ Policy Statement and Annual Conference Resolutions

The LGAQ is committed to member-driven advocacy and working with member councils to build stronger local governments and more resilient local communities.

The LGAQ Policy Statement⁵ is a definitive statement of the collective voice of local government in Queensland and provides several key policy positions of local government that are relevant to matters raised within the Interim report.

The relevant agreed policy positions of local government, as stated in the LGAQ Policy Statement, are included in **Attachment 1**.

In addition, several resolutions have been passed by Queensland councils at recent LGAQ Annual Conferences on matters relating to the Interim report which are included in **Attachment 2**.

⁵ [2025 LGAQ Policy Statement](#)

3.0 Council Feedback: Best practice for housing regulatory systems

The Interim report states ‘too much or unnecessary regulation can stifle housing supply’. However, the reduction or removal of regulation will not achieve the reform direction of achieving liveable, affordable housing in places where people want to live. Instead, well-designed regulation is the mechanism which will achieve increased housing supply, which is also liveable, productive and resilient.

The suggestion that regulation is stifling housing supply fails to acknowledge the important role regulation plays in creating safe, functional and liveable housing. Regulation has many benefits, including mitigating hazards, managing environmental risks and protecting public safety.

The reduction or removal of regulation may be at the expense of long-term community outcomes, infrastructure efficiency and quality of life. Local communities place expectations on all levels of government to manage economic, social and environmental factors and removal of regulation will burden all levels of governments ability to appropriately manage such factors.

Any assessment of housing regulation should also consider whether proposed reforms would shift costs or service responsibilities onto local governments without commensurate funding.

Regulatory reform that reduces developer contributions, weakens infrastructure funding mechanisms or increases council delivery obligations without adequate support would not improve housing supply outcomes. Instead, it would place further pressure on councils and communities, undermine financial sustainability and reduce local government’s capacity to deliver the infrastructure and services required to support growth.

Recommendation 1: The LGAQ recommends the Commission ensures that any proposed housing supply reforms do not result in further cost shifting to local governments or communities, including through reduced infrastructure cost recovery, increased service responsibilities or unfunded implementation obligations.

A key premise underpinning the Interim report is that reducing regulation will improve housing supply outcomes. While there may be opportunities to improve the efficiency and operation of regulatory frameworks, it is important to recognise that regulation performs a critical public function and should not be viewed solely as a burden or cost.

The Interim report suggests that too much regulation can stifle housing supply, with regulatory settings affecting housing supply in two broad ways, being:

1. they stop certain housing development occurring (regulatory bans). This commonly occurs in land-use controls.
2. they can impede development by making it slower or more costly (regulatory burdens).

Planning, building and development regulations exist to protect public health and safety, ensure infrastructure is appropriately delivered, manage environmental risks and support the long-term liveability of communities. The relevant consideration, as such, is not whether regulation should

exist, but whether current regulatory settings are proportionate, evidence-based and capable of achieving their intended outcomes efficiently.

Many of the regulatory controls identified throughout planning systems reflect the outcomes communities actively seek from local government. Local character provisions, environmental management and design requirements are not barriers to development. Rather, they are mechanisms which, when complied with, preserve the qualities that make places desirable to live in.

For instance, throughout Queensland, there are established character and heritage places which contribute significantly to local identity, tourism and economic activity. Where these values are lost or diminished, communities frequently express strong opposition and concern, often seeking greater, rather than lesser, regulatory protection. Local governments, as the level of government closest to the community, are often responsible for responding to these expectations and balancing them with housing delivery objectives.

Equally, regulations relating to building standards, infrastructure provision, flood management, bushfire risk, environmental protection and public safety help ensure that housing supply is not delivered at the expense of community or resident wellbeing. Poorly planned or inadequately serviced development can result in significant long-term impacts.

Importantly, the existence of regulation should not be conflated with housing supply constraints. Queensland councils have already demonstrated a willingness to zone and approve substantial housing capacity, with significant volumes of approved and zoned land available across the state.

The evidence suggests that many barriers to housing delivery occur after planning approvals have been granted, including infrastructure funding constraints, construction capacity shortages, financing challenges and broader market conditions. As such, reforms aimed solely at reducing planning controls risk addressing a perceived problem while overlooking the real barriers affecting housing delivery.

Recently, concern has been raised to the LGAQ on the unexploded ordnance (UXO) mapping owned by the Federal Government Department of Defence. In many established urban areas across Queensland, the current mapping extends across land that has already been developed, serviced and occupied for decades, yet continues to trigger additional assessment and referral requirements for new infill and redevelopment projects. This is particularly important in South-East Queensland, where infill development forms a critical component of the region's housing strategy. Removing unnecessary UXO-related assessment requirements from land that has already demonstrated a low risk profile would support more efficient housing delivery in existing urban areas without compromising community safety.

The objective of any reform proposed in the final report should not be to maximise housing supply at any cost, but to facilitate the delivery of safe, well-serviced and well-designed homes that meet community needs while protecting the characteristics and qualities that make places attractive, liveable and sustainable over the long term.

Recommendation 2: The LGAQ recommends the Commission ensures any recommendations relating to deregulation are informed by a clear assessment of the public policy objectives served by relevant regulatory frameworks, including community safety, infrastructure coordination, environmental protection, heritage conservation and the preservation of local character.

Recommendation 3: The LGAQ recommends the Commission ensures any reform efforts outlined in the final report focus on improving the efficiency and effectiveness of regulation rather than reducing regulation.

Recommendation 4: The LGAQ recommends the Commission calls on the Federal Department of Defence to undertake a comprehensive review of UXO mapping to remove unnecessary regulatory burden for infill development.

3.2 Principles of a best practice regulatory system for housing

The Interim report identifies four best practice principles for regulating housing supply. Refer to Figure 1 for the best practice principles, per the Interim report.

Figure 1.2 A best practice regulatory system for housing

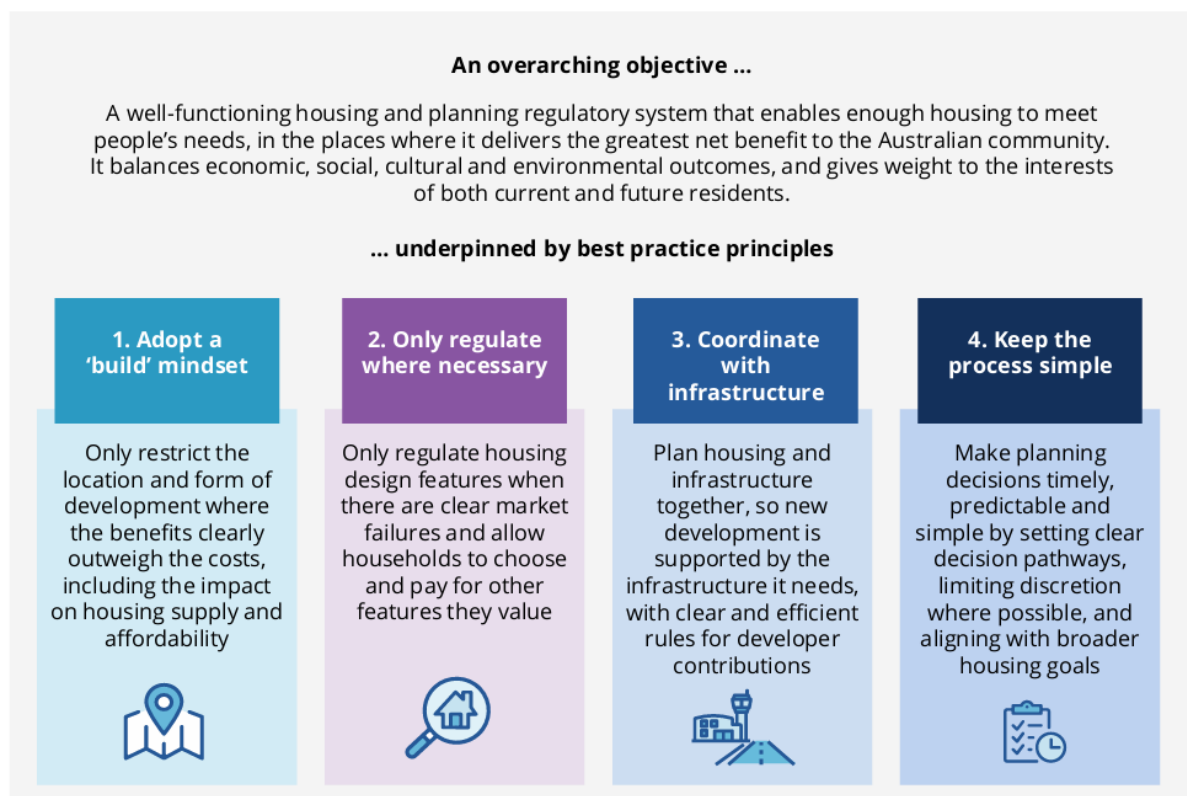


Figure 1: Best practice regulation principles (Source: Productivity Commission)

The LGAQ position on each principle is outlined in Table 1.

Table 1: LGAQ response to Best practice regulation principles

Best practice regulation principles	LGAQ position
1. Adopt a build mindset Only restrict the location and form of development where the benefits clearly outweigh the costs, including the impact on housing supply and affordability	Planning systems exist to balance a range of competing interests, including housing supply, infrastructure capacity, environmental protection, natural hazard management, cultural heritage, economic development and community wellbeing. The LGAQ Policy Statement recognises the importance of an effective planning system guided by balanced social, environmental, cultural and economic interests and supports local government's role in land use planning and development assessment.
2. Only regulate where necessary Only regulate housing design features when there are clear market failures and allow households to choose and pay for other features they value	The LGAQ supports evidence-based regulation and agrees that regulatory intervention should be proportionate and justified. However, the interim report fails to acknowledge that many planning and building requirements exist to address broader public policy objectives that are not always reflected in market transactions, including community safety, accessibility, environmental sustainability, resilience to natural hazards and long-term liveability outcomes. The LGAQ therefore supports a regulatory framework that is proportionate, evidence-based and outcomes-focused, while recognising that planning systems must deliver broader community benefits beyond those captured through market signals.
3. Coordinate with infrastructure Plan housing and infrastructure together, so new development is supported by the infrastructure it needs, with clear and efficient rules for developer contributions	The LGAQ strongly supports this principle. Coordinated infrastructure and land use planning is fundamental to achieving sustainable housing growth. The LGAQ's longstanding position is that infrastructure planning must accompany growth and that infrastructure charges should provide certainty and transparency while ensuring councils can recover an appropriate contribution towards growth-related infrastructure costs. The LGAQ would emphasise that infrastructure funding remains one of the most significant barriers to housing delivery. Increasing housing targets without corresponding investment in enabling infrastructure risks creating communities that are poorly serviced and less liveable. Accordingly, infrastructure reform and funding should be a central focus of any housing supply agenda.
4. Keep the process simple Make planning decisions timely, predictable and simple by setting clear decision pathways,	The LGAQ supports efforts to improve the efficiency, consistency and predictability of planning systems. Local government has consistently advocated for streamlined planning processes, contemporary technology and risk-based assessment pathways that reduce unnecessary

Best practice regulation principles	LGAQ position
limiting discretion where possible, and aligning with broader housing goals.	administrative burden while maintaining robust decision-making. The LGAQ Policy Statement specifically supports an efficient planning and development system that utilises streamlined procedures commensurate to risk and appropriate technology to minimise cost. The LGAQ considers that planning systems should strive for simplicity where possible, but not at the expense of local responsiveness or the ability to appropriately balance housing delivery with environmental, social, cultural and economic outcomes. Consistent with the LGAQ Policy Statement, reforms should improve efficiency while preserving local government's ability to respond to local planning issues and community needs.

4.0 Council Feedback: Unlocking more homes through better land-use regulation

Local governments are one part of a broader housing delivery system and are not solely responsible for delivering new homes. Councils can plan for growth, zone land and assess development applications, but they cannot control whether approved projects proceed to construction. Key factors outside council control include labour shortages, rising construction costs, financing constraints and market conditions.

Efforts to increase housing supply should therefore extend beyond local government approval processes, zoned capacity and planning reform. Meaningful progress requires shared responsibility and coordinated action across all levels of government, infrastructure and service providers, and the development industry. Any review should identify and address the systemic barriers preventing already zoned or approved housing from being constructed and brought to market.

4.1 Land supply and development ready land

The Commission's focus on unlocking additional housing through land-use regulation should be informed by the existing evidence regarding zoning capacity and approvals in Queensland. The available data indicates that land supply and planning approvals are not the primary constraints on housing delivery. Rather, Queensland already has a substantial pipeline of zoned and approved housing that has not yet progressed to construction.

According to the Queensland Government Statistician's Office⁶, Queensland councils have zoned sufficient broadhectare land to accommodate more than 583,000 new homes. In addition, a review undertaken by the LGAQ of *Local Government Infrastructure Plans* from 35 Queensland councils identified capacity for more than one million additional *infill* homes.

Councils have also approved extensive housing supply, including approximately 100,000 residential lots and almost 200,000 multiple dwellings⁷ that are yet to be delivered. These figures demonstrate that local governments in Queensland have already undertaken significant planning and assessment activities to facilitate future housing growth.

Importantly, there is a substantial gap between the amount of housing that is zoned and approved and the amount ultimately delivered by industry. During 2025, industry delivered approximately 18,000 residential lots⁸ despite around 100,000 residential lots having already received approval.

Similarly, industry delivered just over 10,000 multiple dwellings despite nearly 200,000 multiple dwellings having been approved⁹. These figures suggest that the principal challenge is not

⁶ [Residential land supply and development: Residential development | Queensland Government Statistician's Office](#)

⁷ [Residential land supply and development: Residential development | Queensland Government Statistician's Office](#)

⁸ [Residential land development activity profiles \(Queensland Government Statistician's Office, Queensland Treasury\)](#)

⁹ [Building Activity, Australia, March 2026 | Australian Bureau of Statistics](#)

whether sufficient land has been identified or approved for housing, but why approved development is not proceeding to construction at a corresponding rate (Figure 2).

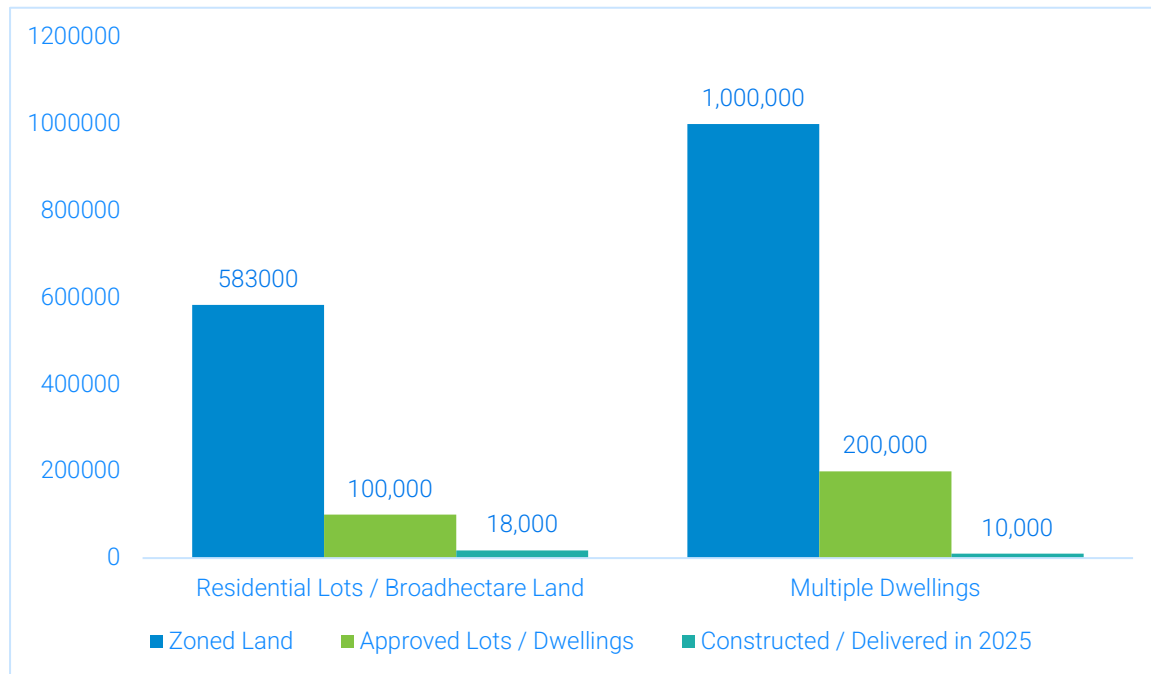


Figure 2: Zoned land, approved development and development delivery in 2025

The above distinction is important because it calls into question the assumption whether additional planning reform or further land release will materially increase housing supply. In Queensland, local governments have already established significant development opportunities through both zoning and approvals. Further expansion of zoned land supply, in isolation, is unlikely to address the matters which are preventing existing approved development from proceeding.

The evidence instead points towards a need to focus on activating approvals, including delivering enabling infrastructure. Housing cannot be delivered without the transport, water, sewerage, stormwater, parks and community infrastructure required to support new communities. While councils can zone land and approve development, they cannot independently fund the scale of infrastructure required to service all future growth. As a result, significant volumes of approved and zoned land remain unable to be developed at the pace required because the necessary infrastructure has not yet been funded or delivered. This matter is discussed further in Section 6.0 of this submission.

Regional, rural and remote Queensland communities face distinct housing supply challenges that are not always addressed through broad land-use reform or approval process changes. Just as a 'one size fits all' approach cannot be applied across States and Territories, reforms within each State and Territory must recognise the diverse delivery barriers and housing markets which occur outside of metropolitan cities.

In many communities, housing constraints are linked to infrastructure servicing, construction workforce availability, market feasibility, access to finance and the need to support essential

workers and local economic development. Reform directions should therefore include place-based responses and targeted funding mechanisms that recognise the different conditions affecting housing delivery across regional, rural and remote Queensland, consistent with the local government resolutions included in Attachment 2.

Recommendation 5: The LGAQ recommends the Commission, in the final report, acknowledges that Queensland already has substantial zoned and approved housing capacity, and therefore, reform efforts should focus on infrastructure funding and delivery mechanisms that enable the activation of existing housing supply, rather than assuming additional land-use deregulation or land release will, of itself, increase housing delivery.

Recommendation 6: The LGAQ recommends the Commission ensure any reform directions recognise the requirement for place-based regional housing responses and targeted funding, such as expansion and modification of the first homeowners grant scheme.

5.0 Council Feedback: Reducing the burden of approvals

The Interim report focuses on reducing approval burdens, which should be informed by evidence about where time is actually spent within the development assessment process. While local government approval processes are often characterised as a major impediment to housing delivery, available evidence suggests that councils are not the primary source of delays in obtaining development approvals.

Queensland councils have consistently demonstrated their willingness to facilitate housing supply through both zoning and approvals. As outlined elsewhere in this submission, councils have approved substantial volumes of residential development across the State, with many approved projects yet to proceed to construction for reasons outside the control of local government, including infrastructure constraints, market conditions, labour shortages and financing challenges.

Importantly, publicly available data released by a South-East Queensland local government provides useful insight into where assessment time is spent. The data shows a typical development assessment timeframe of 157 business days. Of this total, the application was with external parties for approximately 111 business days, while the local government's assessment activities accounted for only 46 business days. This indicates that around 70 per cent of the overall assessment timeframe occurred outside the direct control of council (Figure 3). The data suggests that delays are often associated with matters such as applicant responses, revised plans, specialist reports and agency inputs rather than council assessment itself.

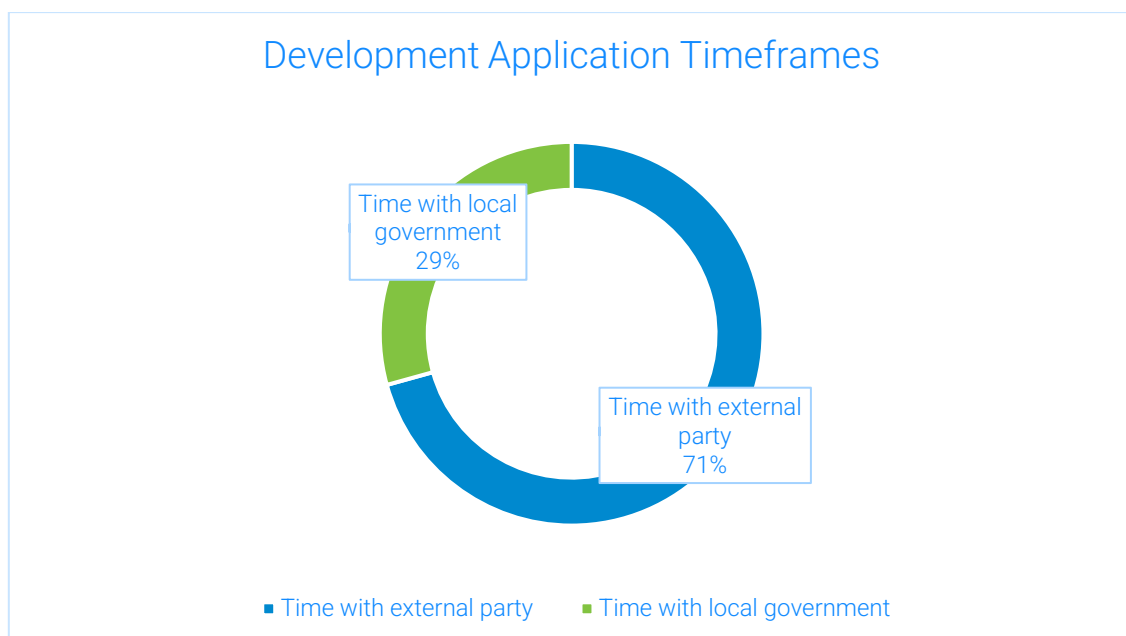


Figure 3: Development application timeframes – time with external parties versus time with local government

This evidence highlights the need for an improved understanding of development approval timeframes. Measuring total approval duration alone does not identify the source of delay and can incorrectly attribute the entire assessment period to local government. A more accurate

approach would distinguish between time spent with councils, applicants, referral agencies and other stakeholder to identify opportunities for improvement.

The LGAQ supports ongoing efforts to improve the efficiency of development assessment processes. However, reforms should be evidence-based and directed toward the stages of the process where delays are demonstrably occurring. Focusing exclusively on council assessment processes risks overlooking the significant proportion of approval time associated with applicant actions, technical inputs and coordination.

In accordance with item 6.1.8.1 of the LGAQ Policy Statement, performance monitoring of planning and development assessment frameworks should be collaborative across all participants in the planning system and should recognise the shared responsibility for achieving efficient housing delivery outcomes.

Additionally, Queensland has the established RiskSMART development assessment system which enables low risk applications to be decided within 5 to 10 business days.

Moreover, the State Government in Queensland has introduced measures to streamline the development of rooming accommodation. Specifically, the measure involved making rooming accommodation exempt from needing local government planning approval where meeting specific requirements (such as number of bedrooms and occupants). This exemption was extended in 2025, with the support of Queensland local governments, to support the continued delivery of housing supply.

The introduction of Queensland's State Facilitated Development (SFD) pathway demonstrates that creating alternative approval pathways does not necessarily result in a significant increase in housing supply. While the pathway was established to accelerate the delivery of priority housing projects, relatively few developments have ultimately progressed through, and been approved under, the SFD process compared with the substantial volume of housing approvals being routinely issued by local governments across Queensland.

The limited uptake of the SFD pathway calls into question the Interim report position that local government planning assessment is a significant barrier to housing supply and suggests that creating alternative state-led approval processes, in isolation, is unlikely to unlock housing supply at scale. Instead, policy reform should focus on strengthening the effectiveness of the existing planning system and recognise that local governments remain the principal decision-makers for housing development.

Recommendation 7: The LGAQ recommends the Commission undertakes further analysis of local government development assessment performance across Australia, utilising publicly available data to avoid causing administrative burden to local governments, to better understand development assessment timeframes and delay factors. Any recommendations to reform approval processes need to be evidence-based and directed towards bottlenecks derived from data.

Recommendation 8: The LGAQ recommends the Commission reviews the total number of housing approvals produced by local government approval pathways comparative to

alternative State Government assessment pathways, prior to any recommendations which relate to state-led or fast-tracked assessment models.

Recommendation 9: The LGAQ recommends the Commission acknowledges that local governments should remain the principle decision-maker for development, as the level of government closest to the community.

6.0 Council Feedback: Delivering housing-enabling infrastructure

In Queensland, infrastructure funding is critical to unlocking housing supply. The Queensland Government's Residential Activation Fund (RAF) is a successful funding model which has supported the delivery of new housing across the State. The RAF provides an example of how infrastructure investment unlocks housing supply and is an exemplar for future funding opportunities.

Queensland's planning system, as has been established herein, is already appropriately calibrated to delivery housing. The systematic barrier to housing supply in Queensland is instead infrastructure investment. To ensure the delivery of housing well into the future, a permanent and sustainable infrastructure funding model is required.

The Interim report identifies that, based on the preliminary findings, relaxation of land-use controls should be the top reform priority and the focus of reform efforts. The LGAQ consider this is misplaced, and that reform of infrastructure planning, funding and delivery would increase housing supply more quickly and readily than further regulatory reform.

6.1 The importance of adequate infrastructure funding

The RAF highlights the potential power of adequate infrastructure funding. According to data from the Australian Bureau of Statistics, as of March 2026 there was 50,100 homes under construction in Queensland¹⁰. This is the most dwellings to ever be under construction in Queensland's history at one point in time and exceeds the equivalent target required by the National Housing Accord of 49,148.

Further evidence highlights that dwelling construction has been steadily rising since the announcement of the RAF, with the proceeding four quarters being the only four consecutive quarters on record where more than 40,000 homes have been under construction in Queensland (Figure 4). This demonstrates that infrastructure funding provides certainty to the market, supporting growth.

¹⁰ [Building Activity, Australia, March 2026 | Australian Bureau of Statistics](#)

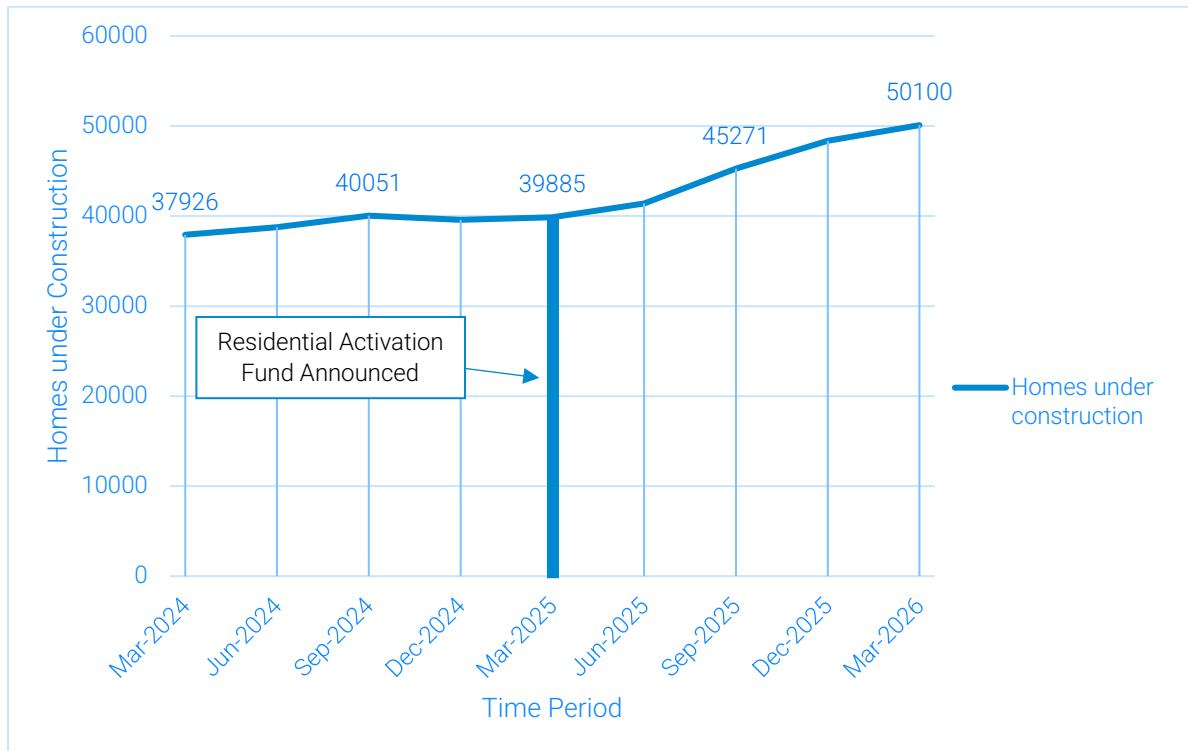


Figure 4: Dwelling Construction Trends (Source: ABS, 2026)

The above is evidence that Queensland's planning system is effective in facilitating housing supply and that when adequate infrastructure funding support is provided, housing can, and will be, delivered in accordance with the National Housing Accord targets.

The RAF allocation has now been exhausted in Queensland, with additional funding brought forward into Round 1 and Round 2 due to the level of interest. The introduction of the Federal Government's Local Infrastructure Fund (LIF), a \$2 billion dollar investment in infrastructure across the country, is also acknowledged. The construction momentum established via the RAF and the LIF needs to be continued, and if maintained this will see Queensland well placed to meet its share of the National Housing Accord targets.

Recommendation 10: The LGAQ recommends the Commission refocuses reform efforts to infrastructure planning, funding and delivery to unlock already approved housing stock, rather than land-use reform.

Recommendation 11: The LGAQ recommends the Commission includes reform priorities within the final report which call for sustainable, long-term infrastructure funding to unlock catalytic, housing-enabling infrastructure.

6.2 Opportunities to improve infrastructure planning and coordination

As recognised in the Interim Report, effective infrastructure planning and coordination is dependent on collaboration and alignment across all levels of government, together with infrastructure providers and other delivery agencies. As demonstrated above, where appropriate funding, coordinated planning, and timely infrastructure delivery are in place,

housing supply can be accelerated and new dwellings delivered at a scale and pace that supports the objectives of the National Housing Accord.

The Interim Report also highlights the disconnect that can arise between land availability and the provision of supporting infrastructure, which can delay housing development and construction. These delays are often associated with out-of-sequence development, where development occurs ahead of planned infrastructure delivery or outside areas identified for growth through strategic planning. In these circumstances, local governments may be required to respond to development demand through *reactive* infrastructure planning and investment, rather than delivering infrastructure in a coordinated and efficient manner consistent with long-term infrastructure plans.

These challenges are not unique to local government. Utility providers and other infrastructure agencies face similar constraints when development occurs outside planned sequencing and growth assumptions. Conversely, where development aligns with agreed land use and infrastructure planning frameworks, infrastructure providers are better able to allocate funding, prioritise investment, and deliver services efficiently. This highlights the importance of coordinated planning and delivery across all levels of government and infrastructure providers, rather than attributing housing supply constraints to any single participant in the development process.

The Interim Report identifies Economic Development Queensland's (EDQ) model as an example of good practice. While EDQ has successfully delivered housing outcomes, its operating environment is not directly comparable to that of local governments. EDQ establishes Priority Development Areas (PDAs) across Queensland to support strategic housing growth. Once established, these areas enable upfront planning and coordination, including infrastructure planning and funding arrangements. Unlike councils, EDQ is not required to respond to out-of-sequence development pressures, as the full extent of each PDA is considered through initial planning and modelling.

Additionally, EDQ is not bound by the capped infrastructure charges under the *Planning Regulation 2017* and can set their infrastructure charges to entirely cover the modelled infrastructure costs.

As such, whilst the EDQ model offers an exemplar case study, there are several regulatory changes which would be required to allow councils to operate in a similar capacity. Most notably, the increase, or removal entirely, of the capped charge would allow councils to more effectively recover the costs of delivering infrastructure. The current mechanics of the infrastructure funding framework in Queensland, including current cost recovery statistics, are discussed further in Section 6.3 of this submission.

Recommendation 12: The LGAQ recommends the Commission ensures any land use reforms proposed in the final report discourage out-of-sequence development and encourage development to occur within planned infrastructure areas, or equivalent growth areas across jurisdictions (such as the Priority Infrastructure Areas in Queensland).

Recommendation 13: The LGAQ recommends the Commission, before finalising any reform proposals, reviews the legislative frameworks applying to local governments and

identifies and analyses alternative frameworks (such as Economic Development Queensland). The analysis should compare powers, funding and infrastructure charging arrangements and operational contexts.

6.3 Infrastructure funding arrangements

The LGAQ has previously undertaken research into the current infrastructure funding arrangements in Queensland, establishing a gap in infrastructure funding over a four-year period between 2024-2028 of \$2.2 billion. This research, and subsequent advocacy work, culminated in the State Government announcement of the aforementioned RAF.

The LGAQ report, titled '*A fairer funding deal for Queensland communities: fixing Queensland's trunk infrastructure funding framework*'¹¹, also explores the gap between infrastructure charges collected by local governments and the actual cost of infrastructure delivery. Per the report findings, within South East Queensland (SEQ) infrastructure charges have historically covered approximately 50% of costs to deliver infrastructure. Outside of SEQ, revenue from infrastructure charges has historically only covered 39% of the costs to deliver infrastructure (Figure 5).

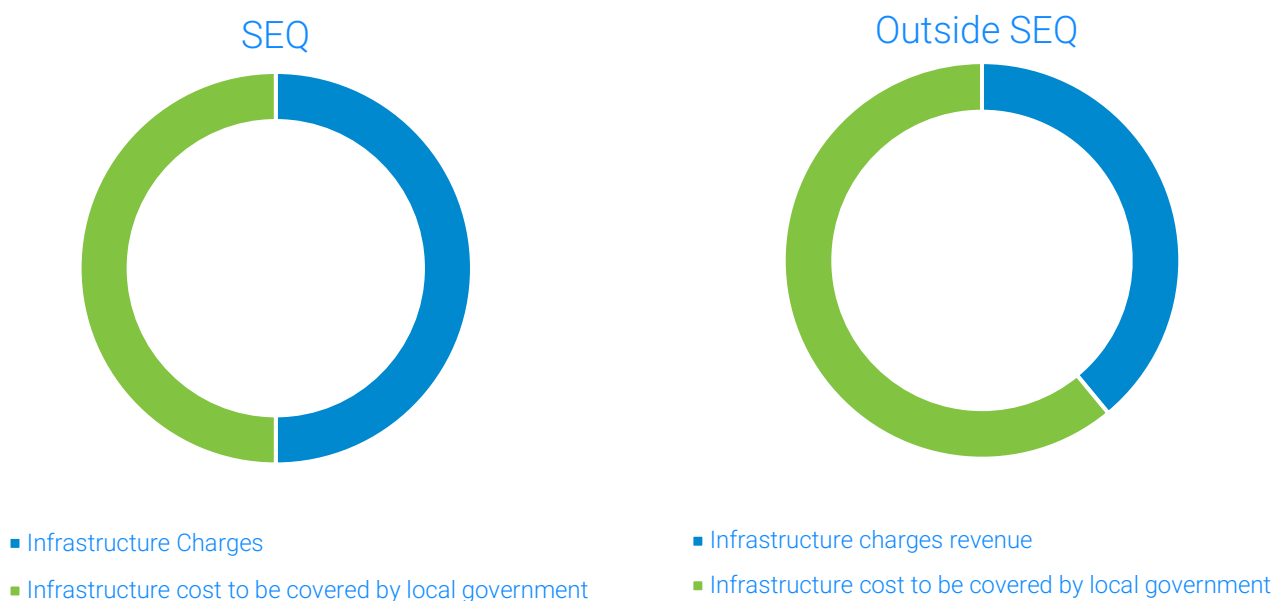


Figure 5: Infrastructure charges collected vs Infrastructure costs covered by local governments

Additionally, in January 2024, the LGAQ released '*A fairer funding deal for Queensland communities*'¹² (the Cost Shifting Report), which identified the ongoing transfer of service responsibilities to local governments without adequate funding. The report found that the annual financial impact of cost-shifted services on Queensland councils increased from approximately \$47 million in 2002 to around \$360 million, representing a 378 per cent increase.

¹¹ LGAQ infrastructure funding report - [A fairer funding deal for Queensland communities](#)

¹² LGAQ Cost Shifting Report - [A fairer funding deal for Queensland communities](#)

Nationally, local governments deliver around 33 per cent of public services but receive only around 3 per cent of direct taxation revenue.

Further cost shifting to local government, including through reduced infrastructure charges would undermine housing delivery and place significant pressure on the financial sustainability of councils. This reinforces the need for the Commission's final report to avoid reform directions that increase local government responsibilities without commensurate funding.

The Interim Report notes concerns raised by developers and others that increasing developer contributions can affect project feasibility. However, this concern cannot be applied uniformly across all states and territories.

In Queensland, developer infrastructure charges remain capped by the State Government and should increase annually in line with the Producer Price Index (PPI). In 2023, the capped charge for a three-bedroom dwelling or new lot was \$30,677.65, increasing to \$36,670.70 in 2026, a 19.54 per cent increase. Over the same period, statewide median house prices increased from \$690,000 to \$990,000, representing a 43.47 per cent increase.

This demonstrates that capped infrastructure charges have not kept pace with property price growth and should not be treated as a primary factor affecting development feasibility in Queensland. Reducing capped charges would further constrain councils' ability to deliver the infrastructure needed to support future development. A review of the capped charges in Queensland provides an opportunity to realign infrastructure charges with the actual cost of infrastructure delivery and provides an opportunity to close the gap between charges collected and the cost to local government.

The LGAQ's position on infrastructure charge caps is outlined in the LGAQ Policy Statement, which reads: *'6.1.2.4 Local government supports the use of an adopted infrastructure charge option given the simplicity, legal clarity, and certainty provided by such a framework. Local government opposes the use of an adopted infrastructure charge option where a maximum charge is imposed unless supported and offset by State Government subsidies for essential development infrastructure.'*

Importantly, infrastructure charges in Queensland are underpinned by a strong nexus principle. A council can only levy infrastructure charges where it has planned for this infrastructure through its Local Government Infrastructure Plan (LGIP), which identifies the infrastructure required to service anticipated growth and allocates costs to the demand generated by new development. Charges must be linked to the trunk infrastructure required to service growth and cannot be collected arbitrarily or spent on unrelated purposes. As a result, there is a direct link between the charges collected and the infrastructure delivered.

Infrastructure charges are not a general revenue source. They are calculated by reference to the trunk infrastructure required to accommodate growth and are used to fund infrastructure projects identified within the planned trunk infrastructure network. However, where capped charges apply, councils may be unable to recover the full cost of that infrastructure, leaving the shortfall to be met through other funding sources or by the broader community.

Those who benefit from growth should contribute to the infrastructure required to support it, with funding responsibilities shared across developers, governments and the community rather than being disproportionately transferred to local governments. Infrastructure should be funded through a balanced partnership between development contributions, government investment and user funding.

The Commission should therefore treat infrastructure funding and developer contribution settings as central to housing supply reform.

The Federal Government's Local Roads and Community Infrastructure (LRCI) Program has demonstrated the value of providing councils with predictable, allocative funding to deliver locally identified infrastructure priorities. Since its introduction, the program has enabled local governments to bring forward essential road, community and asset renewal projects, supporting local employment, stimulating regional economies, and improving the condition and longevity of community infrastructure assets.

Unlike competitive grant programs, the LRCI model minimises administrative costs, provides funding certainty, and allows councils to plan and sequence projects based on community need rather than funding opportunity. As local governments face increasing infrastructure renewal backlogs, population growth pressures and rising construction costs, the cessation of the LRCI Program represents a significant loss of a highly productive and effective funding mechanism.

As such, the Productivity Commission should examine the long-term benefits of the LRCI program and consider options for re-establishing a permanent, formula-based community infrastructure fund that provides councils with certainty to invest in locally prioritised infrastructure, improve asset management outcomes and support the productivity and liveability of communities across Australia.

Recommendation 14: The LGAQ recommends the Commission works with relevant stakeholders, including State and Territory governments, local government associations and local governments, to review the existing infrastructure planning and funding frameworks prior to recommending reform directions.

Recommendation 15: The LGAQ recommends the Commission include a recommendation that all States and Territory governments undertake a review of existing infrastructure charging models, including developer contribution (i.e. Queensland's capped infrastructure charges) and grant funding frameworks, with a view to understanding whether existing models enable local governments to recover an adequate share of costs.

Recommendation 16: The LGAQ recommends the Commission, before the finalisation of the final report, undertakes further detailed consultation with local governments to better understand the barriers inhibiting housing supply and opportunities for targeted, beneficial reform.

Recommendation 17: The LGAQ recommends the Commission investigate the continuation of the Local Roads and Community Infrastructure Program, or the establishment of a permanent successor program, providing ongoing, formula-based

funding to local governments to support the renewal, maintenance and delivery of essential local infrastructure and community assets.

7.0 Conclusion

Overall, the LGAQ would like to thank the Commission for the opportunity to provide feedback on the development of the Housing Supply Regulation – Interim Report.

The evidence outlined in this submission demonstrates that Queensland councils have already planned and approved substantial housing capacity. The key challenge is not simply whether more land can be zoned or more approvals issued, but whether existing zoned and approved housing can be activated through coordinated infrastructure funding, market capacity and delivery support.

While the submission draws on Queensland experience, the issues raised have national relevance and should inform reform directions that can support local governments across all jurisdictions.

Before the Productivity Commission issues its final report, it is critical that further consultation with local governments occur across Australia to better understand both the important work they are doing to assist in advancing housing supply, as well as the challenges being faced, particularly regarding infrastructure planning and funding.

Any reform directions in the final report should avoid broad planning reforms that may take substantial time to achieve and may not address the primary barriers to delivery. Instead, reform should focus on measures that will activate existing housing approvals and zoned supply. Reform directions should also ensure that responsibilities and costs are not shifted to local governments without commensurate funding.

The LGAQ looks forward to continuing to work with the Commission and the Federal Government to achieve shared goals of increasing housing supply and achieving the targets of the National Housing Accord.

Attachment 1: LGAQ Policy Statement

The LGAQ Policy Statement 2025¹³ is a definitive statement of the collective voice of local government in Queensland. The following statements represent the agreed policy positions of local government as outlined in the LGAQ Policy Statement, and as relevant to the Commission's inquiry and Interim report.

6.1.1 Strategic Planning

6.1.1.1 - Local government should be recognised as the sphere of government immediately responsible for land use planning and development assessment.

6.1.1.2 - Local government supports an effective planning system guided by appropriate legislation and balanced social, environmental, cultural and economic interests.

6.1.1.6 Local government opposes State Government land use planning policy or intervention that inhibits local decision making.

6.1.2 Infrastructure Planning and Charging

6.1.2.1 Local government supports integrated infrastructure and land use planning measures within local planning instruments.

6.1.2.3 Local government supports the creation and implementation of a permanent infrastructure funding framework that addresses the funding gap for councils and does not result in further cost shifting onto councils and the community.

6.1.2.4 Local government supports the use of an adopted infrastructure charge option given the simplicity, legal clarity, and certainty provided by such a framework. Local government opposes the use of an adopted infrastructure charge option where a maximum charge is imposed unless supported and offset by State Government subsidies for essential development infrastructure.

6.1.2.6 Local government supports the application of infrastructure charges for essential development infrastructure when calculated using a fair cost apportionment methodology.

6.1.3 Development Assessment

6.1.3.1 Local government supports the principle of a single integrated development assessment system.

6.1.3.2 Local government supports an efficient planning and development system that utilises streamlined procedures commensurate to risk and appropriate technology to minimise costs.

6.1.3.4 Local government does not support the mandatory introduction of externally appointed development assessment panels to determine development approvals, nor a state-based private certification system for planning but supports a council- controlled

¹³ [2025 LGAQ Policy Statement](#)

private certification of development applications. Decision making for development applications must remain with local government.

6.1.8 Performance Monitoring

6.1.8.1 - Local government supports the collection of planning statistics as a tool to assist monitoring the performance of strategic planning and development assessment frameworks. Performance monitoring needs to be collaborative across all sectors involved in the planning system.

7.1.7 Housing

7.1.7.1 - Local government is committed to working in partnership with the State and Federal governments, and industry, to effectively address the challenges of housing affordability and supply. Councils are seeking the opportunity to identify and develop a range of innovative and fit for purpose strategies across all communities, to support growth and investment, improve liveability, and grow stronger and more diverse local communities.

7.1.7.2 - Local governments will determine their own role in provision of affordable community housing and comply with Federal and State Government requirements.

7.1.7.3 Local government will actively participate in forums and networks, where appropriate, that seek to establish good practice approaches to sustainable, accessible and affordable housing.

Attachment 2: LGAQ Annual Conference Resolutions

The following resolutions have been passed by Queensland councils at previous LGAQ Annual Conferences and are relevant to the Commission's inquiry and Interim report.

Resolution 24 (2025): Regional, rural and remote Queensland housing strategy and fund

That the LGAQ calls on the State Government to develop a geographically targeted strategy and dedicated fund for housing in regional, rural and remote Queensland, to unlock economic opportunity, enable critical services to be maintained and accelerate population growth.

Resolution 23 (2025): Enabling infill growth through the Residential Activation Fund

That the LGAQ calls on the State Government to ensure future rounds of the Residential Activation Fund provide greater support for infill growth.

Resolution 22 (2025): Federal funding to unlock housing supply

That the LGAQ calls on the Federal Government to establish a permanent funding program dedicated to supporting local governments in the delivery and upgrade of trunk infrastructure necessary to unlock housing supply and accommodate population growth.

Resolution 91 (2024): Addressing cost impact to councils - trunk infrastructure contributions system

That the LGAQ calls on the State Government to review the Planning Act 2016 and subordinate legislation to address the ongoing cost impacts facing high growth councils, particularly from significant increases in developer entitlements (e.g. refunds), that have been imposed through changes to legislation over the past decade.

Resolution 153 (2023): Adequate funding for infrastructure

The LGAQ calls on the State Government to recognise the systemic infrastructure funding gap for local governments in Queensland and commit to investing a further \$500 million per annum for at least four years to support critical renewal and augmentation of water, sewerage, drainage and road assets.

Resolution 119 (2023): Access to Dedicated Housing Funding and Low-Interest Loans for Local Government

The LGAQ calls on the State Government to provide dedicated funding, including access to low-interest loans, for councils wanting to voluntarily undertake housing projects to deliver affordable housing outcomes where needed, similar to the dedicated funds available to community housing providers.

Resolution 117 (2022): Increase private developer contributions to infrastructure charges

The LGAQ calls on the State Government to review the current cap placed on infrastructure charges to allow councils to secure greater developer contributions to fund the cost of infrastructure associated with private development.

Resolution 115 (2022): Review of Infrastructure funding for Local Government in Queensland

The LGAQ calls on the State Government to recognise the systemic infrastructure funding gap for local governments in Queensland and commit to investing a further \$500 million per annum for at least four years to support critical renewal and augmentation of water, sewerage, drainage and road assets.

Resolution 63 (2022): Cost and Responsibility Shifting from the State Government to Local Government

The LGAQ calls on the State Government to cease shifting cost and responsibility for State Government services and responsibilities to local government.

Resolution 9 (2022): Permanent Funding of the LRCIP at \$500 Million Per Year

The LGAQ calls on the Federal Government to permanently fund the Local Roads and Community Infrastructure Program at \$500 million per year, nationwide, to continue supporting the provision of job-creating projects across every local community.

Resolution 19 (2021): Solutions for housing (Accommodation) shortage in the Regions

That the LGAQ calls on the State and Federal Government to implement initiatives to increase new housing numbers through a range of legislative changes, taxation benefits and other incentives that will support increased housing investment in regional areas.

Resolution 17 (2021): Housing and Accommodation

That the LGAQ calls on the Federal and State Government to:

- investigate the housing needs within rural and remote communities, taking into consideration local government housing studies that have been undertaken, and
- address regional housing needs and housing affordability through a range of policy responses developed in consultation with local government, including modification of the first homeowners grant to be available for renovations and refurbishment of existing housing stock.

Resolution 16 (2021): Housing Affordability and Social Policy

That the LGAQ calls on the State Government to develop and a joint State/Local government package of measures that will enable a more timely response to housing affordability and availability in high growth areas of the State.

Resolution 15 (2021): Housing Solutions – Support Economic and Community Development

That the LGAQ calls on the State Government to:

1. Expedite actions to work with individual councils, regional organisation of councils and the LGAQ to address the significant housing deficit across the State; and
2. Consider how best to co-ordinate responses at both an individual and regional level which ensure (at a minimum):
 - a. An integrated approach and coordinating mechanism across levels of government, the private sector as well as other relevant organisations and stakeholders.
 - b. The broadest range of housing 'issues' are addressed – not just social housing and homelessness.

- c. Land use planning priorities across State and Local Governments are better understood and facilitate land release in a timely way.
- d. Fees, charges and grants and subsidy arrangements from the Commonwealth and State are fit for purpose – see below.
- e. Improved financing arrangements and investment vehicles are explored for both individuals, government entities and other organisations.
- f. Investment into skills training and/or regional trade placement incentives to facilitate access to relevant skills in regional centres.