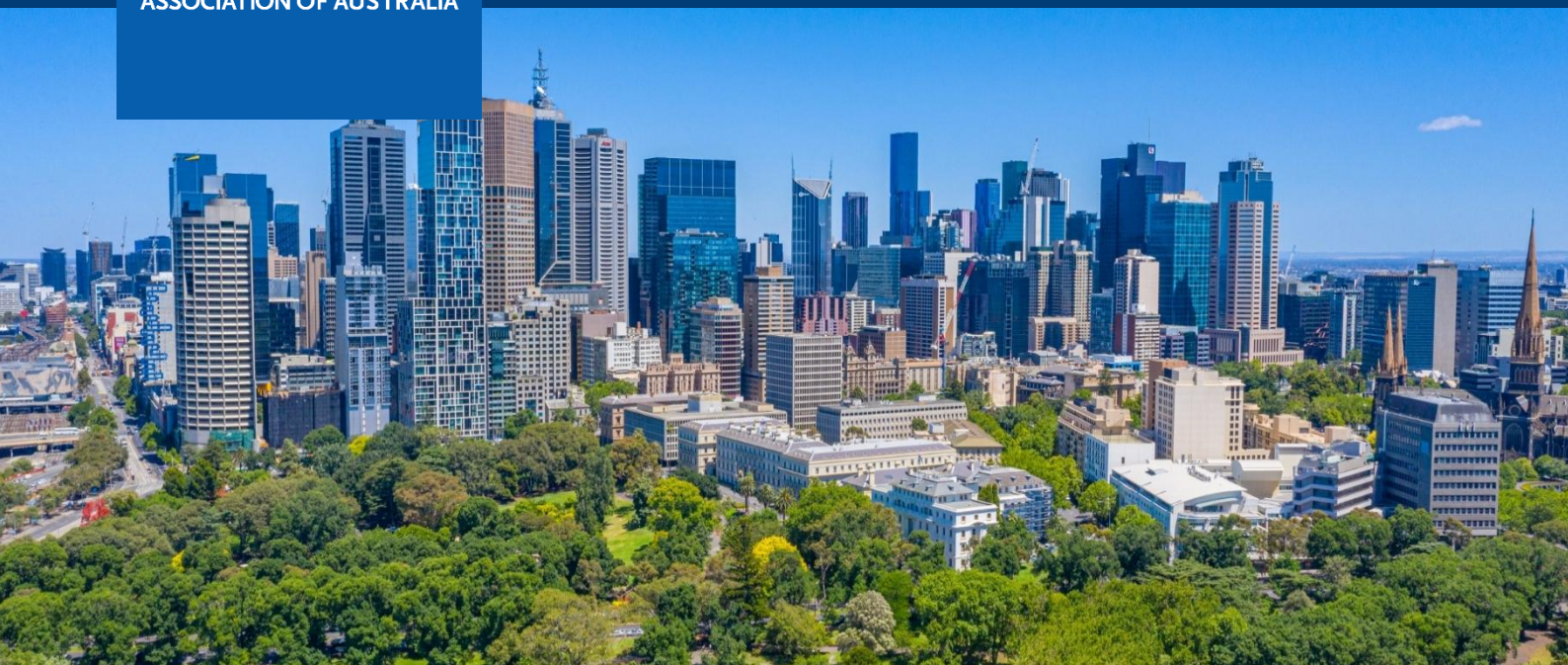




WATER SERVICES
ASSOCIATION OF AUSTRALIA



**Submission to
Productivity Commission:
Housing Supply
Regulation Interim report**

30 September 2026



Contents

Overview.....	3
Part 1. Response to Interim Report	5
General.....	5
Section 1 Housing needs of Aboriginal and Torres Strait Islanders and best practice housing regulation	5
Section 2 Relax Land Use controls	7
Section 3 Make approvals faster and easier	7
Section 4 Better coordinate infrastructure planning.....	8
Part 2. Matters not addressed in the interim report or information requests	12
Protect land and corridors for housing-enabling water infrastructure	12
Environmental and physical constraints should be resolved earlier, not bypassed.....	12
Interim report details requiring correction.....	13
Torana Estate Case Study.....	13
Conclusion	14
Contact	14

Overview

The Water Services Association of Australia (WSAA) is the peak body for Australian water utilities. Our members provide water and wastewater services to over 24 million customers in Australia and New Zealand and many of Australia's largest industrial and commercial enterprises. WSAA facilitates collaboration, knowledge sharing, networking and cooperation across the water sector.

The water sector's initial submission built on the central proposition that housing supply reform must streamline the infrastructure delivery systems that underpin development.

It identified 5 key regulatory reform areas:

1. Earlier coordination of infrastructure planning with land-use decisions.
2. Streamlined Infrastructure corridors and land access
3. Improved infrastructure funding frameworks
4. Reform of economic regulation to more effectively support and recover costs of housing delivery, through addressing:
 - a. Timing mismatch between planning and regulated funding
 - b. High evidentiary thresholds for growth investment
 - c. 5-year regulatory horizons being too short
5. Earlier, prioritised and more coordinated resolution of environmental constraints.

WSAA argued that, without reform to infrastructure planning, funding and delivery frameworks, water and wastewater infrastructure delays risk slowing development and increasing costs for both developers and existing customers.

WSAA therefore welcomes the opportunity to respond to the Productivity Commissions (PC) Interim report on Housing Supply Regulation. We support the PC's recognition that housing supply cannot be separated from housing-enabling infrastructure.

The Interim Report set out 4 main reform directions.

1. Housing needs of Aboriginal and Torres Strait Islanders and best practice housing regulation
2. Relax land-use rules where people want to live
3. Make approvals faster and easier
4. Better coordinate infrastructure planning and charging with delivery

Overall Water Sector Response

The interim report addresses water sector concerns about earlier infrastructure planning, sequencing, coordination and the design of developer contributions. It only partially addresses the more water-sector-specific issues such as economic regulation, anticipatory investment, long asset lead times, infrastructure corridors and land access, environmental approvals, and the scale and allocation of the growth-funding gap.

Priority messages from the water sector:

- Endorse the Commission's infrastructure coordination and sequencing reform directions, subject to stronger recognition that water and wastewater infrastructure must be planned and delivered before housing, given the long lead times required to secure land, approvals, capital funding and network capacity to provide this essential service.
- Request the Commission to distinguish zoned land from service-ready land and support transparent reporting of infrastructure capacity (including supply, treatment and distribution of water), constraints, corridor status and funding readiness.
- Seek a clearer national funding framework that allocates growth costs fairly among developers, new customers, existing customers and governments, while addressing first-mover and funding-timing problems. Without this, there is a risk that better planning identifies infrastructure needs earlier but does not provide a practical pathway to fund, approve and deliver the required water and wastewater assets.
- Recommend specific reform directions for statutory corridor protection, easements, land reservation and accelerated acquisition for designated housing-enabling infrastructure.
- Require environmental, flood-risk and discharge constraints to be resolved earlier through strategic planning, without weakening necessary protections, including early assessment of both wastewater treatment capacity and the capacity of receiving environments to accept additional discharges arising from housing growth.
- There needs to be greater support for targeted Australian government funding.
- Recognise the opportunity presented by the current housing focus to embed water sensitive urban design and plan the urban landscape needed for a changing climate, rather than reinforcing development patterns designed for current or past conditions.

This submission is structured in two parts:

1. Water sector feedback on the Interim Report. Note the specific information requests have not been addressed individually but where appropriate incorporated in the response for each section.
2. Matters not addressed in the Interim Report.

The focus of this submission is to detail areas where the water sector supports the interim report or where the industry has concerns and requests changes.

Part 1. Response to Interim Report

General

The water sector supports the 6 key points in the interim report in particular:

- Land-use controls prevent housing being built,
- If housing is not coordinated with infrastructure, it can delay or limit new dwellings.
- Making approvals more efficient to help deliver homes faster

The Commission's principles are broadly appropriate. However, from a water sector perspective, best-practice regulatory systems should also include:

Provide Infrastructure Certainty

Water and wastewater infrastructure must be planned and delivered before housing, rather than treated as a downstream issue or planned only at the same time. Major water and wastewater assets require long lead times (seven to ten years) to secure land and corridors, complete planning and environmental approvals, obtain regulated funding, design and construct infrastructure, and commission additional capacity.

Land should not be considered available for housing unless there is:

- a secure water supply and wastewater treatment capacity
- a feasible servicing solution
- a funded infrastructure pathway
- a realistic delivery timeframe.

Housing regulation should recognise infrastructure as a core enabling input rather than a downstream delivery issue. The Commission's own findings highlight the importance of coordinating planning with infrastructure. In doing so, strategic planning should also use the current housing focus to embed water sensitive urban design and shape an urban landscape that is resilient to a changing climate, rather than locking in development patterns that reflect current or past conditions.

Section 1 Housing needs of Aboriginal and Torres Strait Islanders and best practice housing regulation

Information request 1.1 Housing needs of Aboriginal and Torres Strait Islanders

Early and meaningful stakeholder engagement is critical to housing development in remote communities. It supports landowner consent and often proceeds alongside regulatory approvals, particularly where land is Aboriginal-owned. This engagement is both valuable and more complex than in a master-planned urban setting. The immediate need to reduce overcrowding can also require practical trade-offs between longer-term community planning objectives and the urgent delivery of additional housing.

Northern Territory Insights

Many remote communities are not covered by detailed community planning under the Northern Territory Planning Scheme. This can result in development occurring without coordinated sequencing or adequate supporting services, limiting housing delivery and progress towards Closing the Gap outcomes.

Remote communities across the Northern Territory often have limited land that is suitable for additional housing, compounded by constraints in the infrastructure needed to service new development. Required buffers around critical infrastructure, including power stations, borefields and wastewater ponds, further reduce the amount of developable land. In some cases, otherwise suitable land lies beyond the reach of existing service networks. Furthermore, flood risk and the limited reach of existing infrastructure also constrain housing development.

Access to suitable construction materials for civil works is also limited in many remote communities. Importing bedding and backfill materials can be prohibitively expensive, while seasonal access constraints and extreme remoteness can further increase the cost and complexity of delivering infrastructure to support housing growth.

Numbulwar Case Study

Numbulwar is a community regulated through the NT planning scheme, however the expansion of housing development (current at 50% overcrowded) within the existing town is limited by:

- Viable developable land
- Cultural exclusion areas
- Inundation areas
- Buffers to water source, sewerage ponds and PowerStation
- Emergency responses due to storm surge in a coastal location and cyclone events
- Water Security Risks
- Future residential locations limited in development size and viability due to proximity to waste transfer station
- Environmentally sensitive areas

The National Water Grid has supported water source drilling and planning activities to identify the water security solution to grow the community. The challenge is that this infrastructure needs to have the funding attached to it to enable progress of the subdivision and subsequent housing builds.

Section 2 Relax Land Use controls

Supportive

- greater focus on incentives to develop reporting on “infrastructure ready” land

Most of this section does not relate directly to the water sector but the sector is strongly supportive of incentives to develop reporting on “infrastructure ready” land as described in Information request 2.2.

Strategic and coordinated land-use planning is essential to ensure housing targets and land-release decisions are aligned with infrastructure capacity, environmental constraints and realistic servicing timeframes. Strategic land-use planning should not be overridden by short-term development pressures where doing so would shift costs, create unserviceable land or undermine orderly infrastructure sequencing.

The water sector supports a report on land measure which distinguishes land that infrastructure is ready or in the case of in-fill development where the existing infrastructure has spare capacity. A number of water utilities already freely publish this information. Greater transparency for developers and their customers on infrastructure readiness will support informed investment decisions and subsequent housing completion expectations.

Whilst not specifically mentioned as part of the Torana Estate case study in the interim report (See below), this case study does demonstrate how a formal report on infrastructure ready land would prevent misinformation regarding development timeframe and subsequently customer expectations on delivery of their homes.

Section 3 Make approvals faster and easier

Supportive

- Early consideration of infrastructure requirements and trade offs
- Steps to make approvals faster and easier with greater coordination.

Area of Concern

- State significant pathways
- Increased performance reporting

The water sector stated in our initial submission that granting approvals for out of sequence housing development is the most time consuming and costly element of facilitating development growth. Broadly the principles and reform directions identified in the interim report provide welcome initiatives to address this. The water sector supports reform to improve approval coordination bodies including the provision of authority to resolve conflicting advice, improved technology and transparent end-to-end performance reporting. This is consistent with the water sectors’ preference

for earlier, clearer and system-wide coordination rather than simply accelerating individual approvals without resolving infrastructure dependencies.

However, there are some issues discussed in the interim report where the water sector does have some concerns.

Reform direction 3.2 Fast track pathways for simple developments

It is not simple developments that are the issue for the water sector but the more complex multi-dwelling developments that require more complex servicing advice and more complex infrastructure. The sector is internally looking at how to improve developer segmentation and corresponding servicing expectations including how to promptly assess non-compliance elements of developments.

Reform direction 3.3 Use state significant pathways to approve developments

The water sector would require further detail regarding the intended operation of “state significant pathways”. The disconnect between state and local planning, and state endorsement of out-of-sequence development, has been one of the major issues affecting the timely provision of infrastructure to support housing growth.

This challenge includes both development occurring outside the agreed sequence of planned urban fronts and a “first in, first served” approach to individual developers where approving or servicing an early proposal may consume limited network capacity or distort infrastructure sequencing at the expense of later developments in the same growth area.

The water sector believes discretion in the planning process should be permitted only in exceptional circumstances and supported by the process of strategic and coordinated land-use planning. Where a proposal departs from an approved planning scheme or infrastructure sequence, the infrastructure requirements, risks, costs and effects on subsequent development should be clearly identified before approval, with an agreed pathway for funding and delivery.

Reform direction 3.4 Improve housing approval assessments with better coordination of referrals, use of technology including AI, and transparent reporting

The water sector supports greater transparency on performance reporting of approvals. It is key mechanism to manage delivery expectations. However, any performance reporting needs to consider the significant uncertainty in the delivery of complex infrastructure for developments and not result in transferring the risk of delivery times solely onto the infrastructure providers.

Section 4 Better coordinate infrastructure planning

The water sector supports greater transparency on performance reporting of approvals. It is key mechanism to manage delivery expectations. However, any performance reporting needs to consider the significant uncertainty in the delivery of complex infrastructure for developments and not result in transferring the risk of delivery times solely onto the infrastructure providers.

For water services, coordinated infrastructure planning must address the complete supply chain required for water security. This includes sufficient bulk or raw water, the ability to transport raw water to treatment plants, sufficient treatment plant capacity, and distribution networks that can deliver water to new developments. A constraint in any one of these can prevent zoned land from becoming genuinely service-ready.

Water and wastewater infrastructure must therefore be planned and delivered before housing, reflecting the long lead times required for major network and treatment investments. Planning should also account for the cumulative effects of individual development decisions. Out-of-sequence development and first-in, first-served servicing decisions can allocate limited capacity to early proponents at the expense of later developments and undermine the efficient delivery of ultimate infrastructure solutions.

Implementation of coordinated infrastructure planning requires an ability to maintain sequencing discipline and ensure that housing targets, land releases, infrastructure programs and environmental limits remain aligned. The current housing focus also provides an opportunity to embed water sensitive urban design and plan the urban landscape required in a changing climate, rather than reinforcing designs suited to current or past conditions.

Supportive

- Greater strategic planning coordination and consistency.
- Improved Infrastructure sequencing
- Accountability framework

Area of Concern

- Developer contribution frameworks
- Transparent centralised reporting of planned infrastructure delivery and funding

The water sector strongly supports the PC interim report statement: “Infrastructure planning is often the main constraint on building houses in new areas (greenfield sites), so it should be a high priority for reform”.

Greater strategic planning coordination and improved infrastructure sequencing

Reform directions 4.1 and 4.2 closely align with the water sector’s call for earlier coordination of infrastructure planning with land-use decisions. In particular, the water sector supports proposals to identify infrastructure barriers early, document how infrastructure plans support housing objectives, keep those plans current, account for infrastructure lead times before land release, and establish clear responsibilities across governments, regulators and service providers.

These reforms should reduce late changes and improve the credibility of housing targets. Their effectiveness will depend on water utilities being involved early and on planning assumptions being reflected in approved utility investment and funding programs.

However, the water sector also notes an increased certainty in developer growth predictions would be beneficial in effectively guiding infrastructure investment. One of the greatest risks to infrastructure providers is the early provision of infrastructure that is either not used or under utilised for several years. If this is allowed then there should be an ability to achieve cost recovery from the developer to match the additional costs to the infrastructure providers.

The water sector does support clear allocation of accountability in delivering timely infrastructure to support housing. This will however require significant collaboration to ensure the allocation and acceptance of risk is appropriate and proportionate.

Developer contribution frameworks

Reform directions 4.3 address many of the water sector's concerns about the design, timing and transparency of developer contributions. The Water Sector supports close nexus, fair apportionment, cost reflectivity, upfront estimates, staged or later payments where appropriate, consistent administration and transparent reporting. These measures should improve certainty and reduce avoidable delay.

There are however a number of recommendations that are of concern in reform direction 4.4. The water industry does not support recommendations regarding the timing of contributions particularly later in the development process. Any progress reports for planned infrastructure delivery and housing supply objectives need to reflect the inherent uncertainty in infrastructure delivery.

The final report should also recognise that contributions alone may not meet the full cost of major shared water and wastewater assets, and that delaying receipts can create an upfront financing gap for utilities. Contribution reform therefore needs to be paired with clear funding and financing arrangements.

The Water Sector stated in the June 2026 submission that there is a role for direct funding from the Australian Government to support major housing-enabling infrastructure. In addition, the sector supports other Australian Government roles such as

1. Establishing national infrastructure performance metrics.
2. Linking funding to integrated housing and infrastructure planning.
3. Underwriting early infrastructure construction risk
4. Incentivising infrastructure-ready housing supply

Who pays for Water infrastructure

Information request 4.5 asks 'are our proposed roles for the Australian Government in supporting housing-enabling infrastructure useful and appropriate to support new housing? What other roles should we consider?'

The Interim report contains an important and balanced discussion on who pays for the infrastructure to enable housing. WSAA strongly supports the directions set out and conclusion that there is role for state, territory and the Australian governments to fund infrastructure. The discussion is focused on local government provision of infrastructure. Local governments often supply water infrastructure in regional areas but in most metropolitan areas water infrastructure is provided by water utilities. The same arguments apply.

The Australian Government has already begun to recognise that Australian Government funding for water infrastructure is necessary if the Australian Government's targets for housing are to be met. This is especially the case for high growth areas, or areas flagged for rapid growth. In the Budget it announced \$2 billion over four years for a new Local Infrastructure Fund under the Housing Support Program to assist local governments and state utilities in funding the essential services infrastructure needed for new housing developments, including water, sewerage and electricity connections, to support delivery of 65,000 new homes over the next 10 years.

The Interim Report expands on the case and potential forms of future funding for housing.

The Interim report notes that in principle, developer contributions should not affect development feasibility. WSAA has argued this position for many years — the most recent is the submission to IPART on its review of developer charges (here). The Interim report then sets out a range of factors including predictability and timeliness that can affect feasibility in practice.

In its initial submission to the housing inquiry, WSAA outlined the high costs of efficiently servicing greenfield areas with water infrastructure. We noted that developer contributions do not currently fill the gap between the costs of provision and the revenue that new housing customers will pay in water and wastewater charges.

We do not believe that these costs should continue to be borne by the existing customer base at a time when there are other drivers of cost and price increases. Nor do we consider it is possible for utilities to indefinitely fund the gap through higher debt — which is effectively a charge on all future customers.

For these reasons we believe there should be common national principles for charging developers to ensure that they make an economically efficient contribution to the infrastructure from which they benefit. In general, this means that developer contributions should rise.

However, we also accept that in the current circumstances, governments have designated areas as a high priority for development where the gap may exceed 'economic rent' available to the developer when the land was rezoned. In these cases the development may become unfeasible if the full water infrastructure funding gap is applied to the developer.

Therefore, the who pays for water infrastructure question is real and current.

The Interim report concludes that government funding is appropriate in a number of circumstances. It suggests Australian Government funding could:

- be appropriate to cover the gap between infrastructure delivery and when charges are recovered from developers, especially if developer contributions are collected later in the development process (reform direction 4.4).
- support local governments to commence providing infrastructure in a timely way to align with new housing development, by providing assistance such as low or no-interest loans (for example, UDIA, sub. 83, p. 8). This may be used when the quantum of funds being raised is expected to cover the cost, but support is needed to bring forward the funding for timely infrastructure delivery (this may be in conjunction with direct funding where there are shortfalls)
- help fund infrastructure when a developer is the first in an area to develop housing, to ensure they are not disadvantaged by having to fund more infrastructure compared to subsequent developers. This could prioritise areas where the infrastructure is likely to cause a large uptake in new housing, as supported by strategic planning (chapter 3).

WSAA strongly supports this reform direction and considers that it applies to water infrastructure whether supplied by local councils or by water utilities as it does to other housing enabling infrastructure.

Part 2. Matters not addressed in the interim report or information requests

Area of Concern

- Land acquisition for utilities and infrastructure corridor protection not addressed
- Environmental approval delays not addressed

Protect land and corridors for housing-enabling water infrastructure

The report does not yet fully address the land allocation required to deliver housing-enabling infrastructure. Water utilities may need easements, drainage and flood-management land, treatment sites and linear corridors across fragmented ownership before development can proceed.

The final report should recommend:

- statutory protection of future water and wastewater corridors at rezoning or precinct-planning stage;
- mandatory integration of utility corridor plans with transport, energy, drainage and telecommunications planning;
- early reservation of land for regional drainage, flood mitigation, treatment and bulk-network assets; and
- timely acquisition and easement pathways for designated housing-enabling infrastructure, with appropriate compensation, governance and review safeguards.

Environmental and physical constraints should be resolved earlier, not bypassed

The final report should give greater emphasis to discharge constraints. Housing growth can increase wastewater volumes beyond both the hydraulic and process capacity of wastewater treatment plants and the assimilative or licence capacity of the receiving environment. These are separate but connected constraints, and both are consistently at risk of being overlooked when land is rezoned or housing targets are set.

Resolving these constraints may require treatment plant augmentation, new or amended environmental approvals, additional discharge or reuse pathways, receiving-environment investigations and investment in recycled water or other integrated water-management solutions. These matters can involve long planning, approval and delivery lead times and should be assessed before land release and development approval, not left to utilities to resolve after housing commitments have been made.

The reform objective should not be to bypass or weaken environmental protections. It should be to identify capacity limits and viable solutions earlier, integrate them into strategic land-use and infrastructure planning, assign responsibility for delivery, and establish credible funding pathways.

Interim report details requiring correction

Torana Estate Case Study

WSAA would like to provide more specifics regarding the Torana Estate case study and the assertion it was “postponed for several years by delayed sewerage connections”. It is a good example of how broader issues with a development and communication

The Torana Estate is part of the southwest growth area in Sydney and the Austral-Leppington precinct. It is frequently cited on housing policy discussions as a case study due to gap between land being zoned for release and availability of the necessary infrastructure.

The Productivity Commission’s description of Torana Estate is incomplete and risks attributing a system-wide sequencing failure primarily to Sydney Water. Austral-Leppington was rezoned in 2013, but rezoning did not mean that the land was serviced or that Sydney Water had committed to immediate wastewater delivery. Sydney Water’s published Growth Servicing Plans identified the area’s infrastructure-planning status and by 2020 showed the relevant area in concept planning with an indicative delivery timeframe at the end of FY2023.

The affected land was nevertheless marketed and sold in 2020 with an anticipated registration date in December of that year. The public evidence does not explain how that date was reconciled with the broader wastewater servicing program. Subsequent delivery was also affected by a substantial increase in forecast housing density, infrastructure redesign, the 2021 COVID-19 construction shutdown and a reported project cost overrun. Sydney Water had commenced construction and was targeting interim servicing in early 2023 when the case was reported by the ABC.

The hardship experienced by purchasers was significant and demonstrates the need for reform. However, Torana Estate is more accurately characterised as a failure to align rezoning, development sequencing, land-sale expectations and infrastructure delivery, rather than sewerage connections. The situation strengthens the need to distinguish zoned land from service-ready land and to require servicing status and infrastructure dependencies to be disclosed before unregistered residential lots are marketed.

Recommendation

The evidence does not support isolating sewerage connection as the sole or necessarily primary cause of delay. The more defensible conclusion is that the housing-delivery system allowed land to be rezoned and sold before the relationship between servicing, registration and construction timing had been sufficiently resolved and communicated.

As such, the Torana Estate should remain in the Commission’s analysis, but with a more complete explanation. The case demonstrates that:

- strategic rezoning can occur many years before infrastructure is available;
- published utility plans do not necessarily align with the dates communicated through individual land sales;
- development density can change after infrastructure planning has begun;
- major wastewater projects are exposed to design, construction, regulatory and cost risks; and

- purchasers bear substantial consequences when responsibilities and timelines are not aligned.

References

[Productivity Commission Housing Supply Regulation Interim Report \[assets.pc.gov.au\]](#)

[ABC News report on Torana Estate \[abc.net.au\]](#)

[Sydney Water Growth Servicing Plan information and map \[sydneywater.com.au\]](#)

[Archived Sydney Water Growth Servicing Plan 2014–2019](#)

[Archived Sydney Water Growth Servicing Plan 2020–2025](#)

Conclusion

The interim report correctly identifies that infrastructure planning and sequencing are among the most significant constraints on housing delivery, particularly in growth areas. The water sector strongly supports the Commission's focus on coordinating land-use planning, infrastructure delivery and housing outcomes.

This requires water and wastewater infrastructure to be planned and delivered before housing. Informed by the water security supply chain, strategic land-use planning, early resolution of water treatment and discharge constraints on receiving-environments, and urban design that is resilient to a changing climate.

Housing reforms will be most successful where governments move beyond measuring zoned land and instead focus on delivering **serviced, infrastructure-ready and development-feasible land** that can translate rapidly into new homes.

Contact

WSAA welcomes the opportunity to discuss this submission further.

James Goode
Manager Utility Performance

[Redacted]

Ph [Redacted]