

Productivity Commission Interim Report on Housing Supply Regulation

October 2026



**CENTRAL NSW
JOINT ORGANISATION**

Bathurst
Blayney
Cabonne
Cowra
Forbes
Lachlan
Lithgow
Oberon
Orange
Parkes
Weddin

The Central NSW JO speaks for over 182,000 people covering an area of more than 63,000sq kms comprising of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes, and Weddin

2 October 2026

Danielle Wood
Chair, Productivity Commission
4 National Circuit
Barton, ACT, 2600

Dear Ms Wood,

Re: Submission to the Productivity Commission Interim Report on Housing Supply Regulation

The Central NSW Joint Organisation (CNSWJO) thanks the Productivity Commission for its presentation to the CNSWJO Board in Canberra on 13 August 2026 and welcomes the opportunity to provide feedback on the *Interim Report on Housing Supply Regulation*.

CNSWJO represents the collective priorities of its member councils: Bathurst Regional, Blayney Shire, Cabonne, Cowra, Forbes, Lachlan, Lithgow City, Oberon, Orange City, Parkes Shire and Weddin Shire Councils. Together, these councils serve more than 182,000 residents across over 63,000 square kilometres of Central New South Wales.

CNSWJO works collaboratively to strengthen intergovernmental relationships, improve regional outcomes and elevate shared strategic priorities across Central NSW. Our CNSWJO Strategic Plan can be found [here](#)

As the regional organisation representing eleven councils across Central NSW, CNSWJO is well positioned to provide insight into the opportunities and constraints affecting housing delivery across regional communities. Central NSW has an important role to play in supporting population growth, housing supply and economic development across inland New South Wales.

CNSWJO supports the Commission's recognition that increasing housing supply is one of Australia's most pressing policy challenges. Planning systems, infrastructure delivery and regulatory settings all play an important role in enabling new housing. However, the interim report places significant emphasis on planning system reform without sufficiently recognising the broader constraints limiting housing delivery in regional Australia.

While councils play an important role in enabling housing growth through planning, assessment and infrastructure coordination, housing delivery outcomes are also influenced by factors beyond local government control. The Commission's final recommendations should recognise these realities and support regional housing delivery through infrastructure investment, workforce and digital capability, and place-based policy settings.

Recommendations

CNSWJO recommends that the Productivity Commission:

1. **Reject funding penalties or other punitive mechanisms linked to housing targets or dwelling completions.**

2. **Increase investment in enabling infrastructure**, including water, sewer, transport and community infrastructure, to support housing growth in regional communities.
3. **Provide workforce and digital capability funding** to support regional councils in implementing housing reforms, strengthening planning and assessment capacity, and improving digital planning systems.
4. **Measure local government performance against matters within council control**, including strategic planning, assessment performance and infrastructure readiness, rather than dwelling completions or broader housing outcomes influenced by state policy, market conditions and private investment decisions.
5. **Recognise the contribution regional communities can make to national housing supply** through coordinated infrastructure investment, workforce development and decentralisation.
6. **Adopt place-based policy responses** that recognise housing supply constraints in regional Australia extend beyond planning regulation and include infrastructure capacity, workforce availability, development feasibility and water security.
7. **Recognise local government as a critical partner in housing delivery** and ensure councils are appropriately engaged, supported and resourced to facilitate housing growth.

Housing delivery requires more than planning reform

CNSWJO supports efforts to improve planning efficiency and remove unnecessary regulatory barriers to housing development. However, planning reform alone will not address the underlying challenges limiting housing supply in many regional communities.

Local government does not operate in isolation. Councils implement planning legislation, policy frameworks and regulatory settings established by State Governments, while coordinating infrastructure delivery, environmental management and community expectations at the local level. Housing outcomes therefore depend on the effectiveness of the broader planning and infrastructure system rather than local government action alone.

Local government can facilitate housing through strategic planning, rezoning, development assessment and infrastructure coordination. However, housing delivery is significantly influenced by factors beyond council control, including construction costs, interest rates, workforce availability, developer confidence, project feasibility, market demand and access to infrastructure.

Performance frameworks should distinguish between councils enabling housing and the private sector delivering it. Councils should not be held accountable for dwelling completions or housing targets where outcomes are substantially influenced by market conditions, private investment decisions and broader economic factors.

Where governments assess local government performance, measures should focus on planning, assessment and infrastructure-related activities that councils can directly influence.

Infrastructure is the primary constraint in regional NSW

Central NSW has the capacity to accommodate significant additional housing growth, with many communities already having suitably zoned land and established planning pathways. However, the primary constraint to housing delivery is often not planning approval, but the availability of enabling infrastructure, including water, sewer, transport and community services.

To realise the housing potential of regional centres, housing targets must be supported by coordinated Commonwealth and State Government investment in essential infrastructure. Strategic investment in Central NSW would unlock additional housing supply, support regional economic development, improve workforce mobility, and help relieve housing and infrastructure pressures in metropolitan areas.

Recognising regional centres as a key part of the housing solution will support more balanced population growth and contribute to achieving national and state housing objectives.

Central NSW already makes a significant contribution to the NSW and national economies through agriculture, mining, manufacturing, logistics, renewable energy development and associated supply chains. Investment in housing and enabling infrastructure should therefore be viewed not only as a response to housing demand, but as an investment in the productivity, resilience and future growth of regions that make a significant contribution to Australia's economic performance.

Oppose punitive funding mechanisms

CNSWJO is concerned by proposals that may link government funding to housing delivery outcomes. Funding penalties based on dwelling completions or housing targets risk unfairly assigning responsibility to councils for factors beyond their control, including market conditions, workforce shortages, infrastructure constraints and development feasibility. Such measures may disproportionately affect regional communities and reduce councils' capacity to invest in infrastructure that supports future housing growth.

Punitive mechanisms may also be counterproductive. Withholding funding from communities experiencing infrastructure constraints would further limit their ability to enable housing and meet future growth expectations.

Commonwealth and State Governments should instead adopt incentive-based approaches that reward housing-enabling activities and support strategic infrastructure investment. Funding arrangements should recognise progress in areas that councils can directly influence, including strategic planning, development assessment, infrastructure readiness and process improvement.

Support regional workforce and digital capability

The successful implementation of housing reforms will require councils to deliver timely approvals, enhanced reporting and increased digitalisation.

Many regional councils continue to experience shortages of planners, engineers, certifiers and other specialist staff. These workforce constraints limit councils' capacity to implement reforms effectively and respond to increasing regulatory and reporting expectations.

Investment should support contemporary digital planning systems, improved data capability and process reform to enable councils to provide more efficient, transparent and consistent planning services.

Where councils are expected to undertake expanded responsibilities, reforms should be accompanied by dedicated workforce and digital capability funding. This should include support for workforce attraction and retention, professional development and shared regional capability models.

Recognise water security as a housing enabler

For many communities across Central NSW, water security remains a fundamental consideration in planning for future growth.

Long-term housing supply depends on secure water resources, resilient infrastructure and continued investment in drought preparedness and water security. New housing cannot be considered separately from the capacity and resilience of the water supply systems required to support it.

Any national housing framework should recognise the relationship between water security and regional housing growth. Housing policy should be integrated with water infrastructure planning and investment to ensure regional communities can sustainably accommodate additional population and economic development.

Conclusion

CNSWJO supports the Productivity Commission's objective of increasing housing supply and improving housing affordability. However, achieving these outcomes will require policy settings that recognise the realities of housing delivery in regional Australia and the factors that influence development beyond the planning system.

The Commission's final recommendations should support a balanced and place-based approach to housing reform, underpinned by investment in enabling infrastructure, workforce and digital capability, long-term water security, and stronger partnerships with local government. Performance and funding frameworks should recognise the distinction between councils enabling housing and the private sector delivering it, with councils assessed on matters within their control.

Central NSW is well positioned to make a greater contribution to national housing supply and population growth. Realising this opportunity will require coordinated government investment and policy settings that recognise regional Australia as a strategic part of the long-term housing solution. Such an approach will not only support housing delivery, but also strengthen regional productivity, economic resilience and more balanced growth across Australia.

Should you require further information regarding this submission, please contact CNSWJO Executive Officer Kate Barker on [Redacted] or [Redacted].

Yours sincerely,

Cr Kevin Beatty

Chair

Central NSW Joint Organisation

Mayor, Cabonne Council