

30 September 2026

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Chair  
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Via email: [housing.supply@pc.gov.au](mailto:housing.supply@pc.gov.au)



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Dear Chair,

### **Productivity Commission's Housing supply regulation Inquiry Interim Report**

Thank you for the opportunity to provide a submission in relation to the Productivity Commission's (PC's) interim report on Housing supply regulation.

The Chamber of Commerce and Industry of Western Australia (CCIWA) is the peak body advancing trade and commerce in Western Australia (WA). We are fundamentally committed to using our insights to develop and advocate for evidenced based public policies that help realise our vision to make WA the best place to live and do business.

### **Overarching Comments**

CCIWA and our members understand the criticality of housing, for community well-being, living standards, and to support a growing workforce. The Australian Government recognised this by agreeing to a National Housing Accord with the states and territories, local government, institutional investors and the construction sector.<sup>1</sup> The Accord aims to address supply-side constraints by setting ambitious targets and providing funding for housing construction.<sup>2</sup>

Unfortunately, it is widely recognised that housing construction is falling below Accord targets. Across the country, the Accord's target of 1.2 million homes was originally set to be met by June 2029, but the National Housing Supply and Affordability Council's most recent quarterly report now forecasts this 18 months later, by the end of 2030.<sup>3</sup>

In WA, while approvals and commencements have been growing recently, in July 2026, the Property Council of Australia estimated that the state is more than 8,000 homes behind its target.<sup>4</sup>

Targets have been increasingly challenging to meet, due to several constraints across the construction industry. Central to this are the regulatory barriers present in all stages of the building process. The PC itself noted housing as a specific sector that may benefit from a review of its regulatory landscape, estimating that regulation adds between \$135,000 to \$320,000 to the cost of the average new house and \$40,000 to \$175,000 to the cost of the average new unit.<sup>5</sup>

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<sup>1</sup> Treasury. [Delivering the National Housing Accord | Treasury.gov.au](#).

<sup>2</sup> Treasury. [Delivering the National Housing Accord | Treasury.gov.au](#).

<sup>3</sup> National Housing Supply and Affordability Council. [Quarterly Report – August 2026 | NHSAC](#). 21 August 2026.

<sup>4</sup> Property Council of Australia. [WA falls more than 8000 homes behind target - Property Council Australia](#). 16 July 2026.

<sup>5</sup> Productivity Commission. [Inquiry report - Creating a more dynamic and resilient economy](#). 10 December 2025.

The extent of these costs is significant and adds to the price of the final dwelling, contributing to housing affordability being at the worst level in 30 years.<sup>6</sup> CCIWA appreciates the work this inquiry is doing to identify some of the key barriers to housing supply and to provide recommendations to ameliorate the potential undersupply of housing now and into the future.

People should get to live where they want to live, in quality homes that match their needs. However, the construction industry's regulatory environment can impede this objective.

Greater diversity in housing, particularly in urban areas, can be achieved through several of the reforms recommended in the interim report. Restrictive zoning is a particular issue because it constrains dwelling types and can discourage private investment.

Land release is also a bottleneck identified by industry that can slow development. This includes the rate, as well as the type, location and dimensions of land released. Related agencies should work proactively with industry to make these processes more fit-for-purpose and unlock supply. Sensible policies that allow additional development closer to train stations in urban areas could well apply to farmlands located close to main roads in outer areas.

Facilitating the growth and uptake of modern methods of construction, as well as other innovative housing solutions, will reduce the time between ideation and completion. Reducing barriers to innovative products and approaches should, therefore, be a priority.

Outcomes-based regulation is the surest path to enabling innovation, along with resourced and ready accreditation bodies to test and validate new approaches. The role of science, our universities and research institutions to support such validation needs to be factored into the PC's recommendations.

Ultimately, this wicked problem could benefit from national leadership that is aligned with other enabling policy settings, including those that secure the skilled workforces that are needed to build homes.

Addressing the regulatory burden in the housing industry should have a material impact on housing affordability and the broader economy, with the PC estimating that, in aggregate, regulations costing individuals and businesses around \$28.6 billion annually.<sup>7</sup>

CCIWA is generally supportive of the inquiry's preliminary recommendations and is taking this opportunity to provide some additional considerations. Refer to **Appendix 1** for CCIWA's specific comments and relevant recommendations.

Should you wish to discuss the content of this letter further, please do not hesitate to contact Dr Daniel Kiely, CCIWA Chief Economist, via email at [Daniel.Kiely@cciwa.com](mailto:Daniel.Kiely@cciwa.com).

Yours sincerely



Will Golsby  
**Chief Executive Officer**

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<sup>6</sup> Real Estate Institute of Western Australia. [Housing affordability at worst level in 30 years](#). 24 June 2026.

<sup>7</sup> Productivity Commission. [Inquiry report - Creating a more dynamic and resilient economy](#). 10 December 2025.

## Appendix 1: CCIWA comments on the interim report

| CCIWA position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <p><b>Overview</b></p> <p>CCIWA is generally supportive of the intent of the inquiry. Regulations should be focused on securing a reasonable and affordable standard quality of Australian homes and be removed where the costs outweigh the benefits.</p> <p>The PC should recommend that each jurisdiction undertake regular reviews of their regulatory environments to identify and manage their own unique barriers by striving towards continuous improvement. These reviews should engage with stakeholders.</p>                                                                                                                                                                                                                                                                            | <p>CCIWA broadly supports the overarching objective and best practice principles developed by the PC.</p> <p>State, Territory and Local Governments should undertake regular comprehensive reviews of their regulatory environments to address jurisdiction-specific barriers. This could include the use of sunset clauses.</p> <p>Governments should collaborate to reduce duplicative assessments. For example, where multiple decision-makers consider the same environmental, infrastructure or technical issues.</p>                                                                                         |
| <p><b>Improving housing regulation for all Australians</b></p> <p>The interim report does not sufficiently acknowledge the unique challenges that regional and remote Australia faces in housing.</p> <p>Build costs can be much higher outside of metropolitan areas, with significant implications for the feasibility of housing development in those regions. These local councils and shires also tend to have constrained capacities and large service areas.</p> <p>For example, barriers to housing supply mean that large areas of WA face average housing costs greater than 20% more than the Perth metropolitan area.<sup>8</sup></p> <p>This indicates that particular attention should be given to improving the regulatory barriers to supply in regional and remote Australia.</p> | <p>The inquiry report should recognise the unique challenges of developing housing in regional, rural and remote Australia.</p> <p>The PC should provide specific recommendations to address those challenges.</p> <p>Complementary measures, such as capacity building for regulators in regional and remote locations, should be considered given the relative scarcity of built environmental professionals in these locations.</p> <p>State and Territory Governments should develop frameworks for determining when government should intervene into housing to address market failure in regional areas.</p> |
| <p><b>Accelerating land release</b></p> <p>Land release is a key barrier raised by stakeholders. Lack of land supply constrains the number of houses that can be developed and increases the cost of the houses that are developed. Government agencies responsible for land release should be directed prioritise the interests of the broader community over making a profit.</p> <p>Governments can address this in several ways, including by conducting regular reviews of land holdings to identify underutilised sites that can be developed into housing, as well as</p>                                                                                                                                                                                                                   | <p>State and Territory Governments should undertake regular comprehensive reviews of State Government land and building holdings to identify underutilised sites for housing development.</p> <p>State and Territory Governments should identify and address the various policy and regulatory barriers that are causing bottlenecks in the release of</p>                                                                                                                                                                                                                                                         |

<sup>8</sup> Department of Primary Industries and Regional Development. [Regional Price Index 2025](#). 15 April 2026.

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| <p>to identify regulatory barriers that cannot be justified on a cost-benefit basis.</p> <p>Land release should be fit-for-purpose and meet both industry, community and future home buyers' needs, including in relation to the rate of release, land type, location and dimensions. More flexibility should increase supply and could support greater diversity from apartment living to nature-based, open space living. For example, extensive requirements for enabling infrastructure around new developments can slow completions. Greater flexibility around timing of infrastructure development could contribute to more efficient construction of large developments.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>greenfield sites and housing, including planning reform, in their jurisdictions.</p> <p>State and Territory Governments should work proactively with industry to identify where greater flexibility in land release is needed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b><i>Alleviating restrictive zoning</i></b></p> <p>Another way to ease land supply pressures is to reform zoning. Zoning may only allow a certain number of lots on a particular size of land. Restrictions on the number of dwellings on a block can impact the commerciality of a project as they can limit return on a development.</p> <p>Regulations should be revised to allow residential development in commercial zones where dual occupancy can realistically co-exist, as it has successfully done in the past.</p> <p>Implementing streamlined processes to rezone underutilised commercial land or land for nature-based purposes would also increase the supply of land. For example, rezoning low value farmland or nature reserves in proximity to metropolitan areas into residential land could better optimise land use. Funds from the sale of public land could be reinvested into high biodiversity supporting projects.</p>                                                                                                                                                                                                  | <p>State and Territory governments should rezone commercial zones to enable residential development alongside it, unless there is a clear rationale not to do so.</p> <p>Governments should implement streamlined processes to rezone land no longer used for commercial purposes or that offer low biodiversity value (with a corresponding commitment to reinvest funds into high biodiversity projects).</p>                                                                                                                                                                                                                                                                                                         |
| <p><b><i>Boosting innovation</i></b></p> <p>One way to reduce pressures on housing supply is by accelerating innovative solutions, including through support of advanced manufacturing and removing regulations that hinder the adoption of modern methods of construction.</p> <p>For example, regulations can stand in the way of broad uptake of modular housing solutions. Reviewing and amending regulations will allow faster and lower-cost construction methods to be used to deliver affordable housing.</p> <p>Modern methods of construction can face challenges in accessing private lending. Initiatives like the recent announcement of 54 new modular social homes in WA's Wheatbelt funded by the WA and Australian Governments will be important to signal the demand for modular housing that will provide further confidence in the industry.<sup>9</sup></p> <p>More action has been taken around the world, and the PC should look to international examples of progress. For example, the Government of the Netherlands is working to align rules for prefab homes across municipalities, as well as introducing fast-tracked</p> | <p>State, Territory and Local Governments should develop formal strategies to work with the private sector to identify innovative solutions to ease the housing shortage and deliver fast-tracked accommodation solutions.</p> <p>Governments should review and amend their regulations if they are preventing the widespread adoption of modern methods of construction, like modular housing. This should include the creation of new standards for emerging innovative products.</p> <p>Accreditation agencies should be financially supported in undertaking due diligence testing and establishment of standards.</p> <p>The PC should consider complementary measures that address market failures associated</p> |

<sup>9</sup> Government of Western Australia. [Largest-ever community housing modular project to create 54 homes | Western Australian Government](#). 16 August 2026.

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| <p>permitting for repeatable building concepts and type approval for factory-built and standardised construction.<sup>10</sup></p> <p>Standard setting and accreditation agencies should be adequately funded to be able to test new methods of construction. They should also focus on housing and community wellbeing outcomes, rather than regulating to the highest standard that many cannot afford. Options to address market failures with testing new methods should also be considered to support innovation, with the regulatory pathway supportive once proven.</p> <p>Regulations restricting the import of modular sections should also be included in regulatory reviews. Reviewing how other peer countries regulate their houses could offer insights into areas where Australia might be overregulating. There may be opportunities for mutual recognition where similar outcomes are being achieved, especially in relation to electrical, plumbing and gas standards. This may be important as pre-installed systems that might be perfectly safe do not match exactly to Australia certification standards.</p> <p>Procurement provides an opportunity for governments to help seed the 'infant' modular home industry in Australia. Governments should ensure that policy reflects the holistic value of innovative methods of construction – price and specifications should not be the only relevant factors in value for money procurement.</p> | <p>with the testing and demonstration of innovative methods that rely on NCC performance solutions (e.g. partial refund of testing costs if information shared or searchable database of successful innovative methods).</p> <p>Governments could deliberately consider procurement for social housing, medical centres and schools as a way of supporting modular home industry development.</p>                                                                                                                              |
| <p><b>Reducing approvals timeframes</b></p> <p>To manage access and affordability, let alone aspire to meet the targets of the National Housing Accord, the rate of approvals should continue to grow.</p> <p>A 'tell-us-once' approach could reduce excessive requests for information. State, Territory and Local Governments should work together to identify and address inconsistent approvals processes, as well as reducing approvals timeframes.</p> <p>In May 2026, the WA Government announced that the government would be developing a pattern book as a library of quality, ready-to-use home designs for medium-density infill projects.<sup>11</sup> This should be broadened to a diverse range of dwelling types and further expanded across the country.</p> <p>Local Governments often do not have the funds to invest in modern digital systems on their own. Coordinating digital approvals opportunities across multiple local governments, and potentially even providing a co-contribution to the funding, could help unlock faster and smarter 'ready to go' digital systems. Common systems would also address a frequent concern of business regarding a lack of consistency in approval requirements.</p>                                                                                                                                                                                                                                   | <p>State, Territory and Local Governments should undertake reviews of approvals processes to identify opportunities for streamlining.</p> <p>State and Territory Governments should work with Local Governments to speed up pre-construction processes in every part of the country, including through the development of pattern books.</p> <p>State and Territory Governments should consider supporting Local Governments in moving to faster and more consistent digital platforms for building and planning approval.</p> |

<sup>10</sup> Government of the Netherlands. [Big choices facing the Netherlands | Government.nl](#).

<sup>11</sup> Government of Western Australia. [New pattern book to accelerate housing delivery and boost supply | Western Australian Government](#). 10 May 2026.

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| <p><b>Improving planning</b></p> <p>Industry would benefit from harmonised planning rules and greater consistency in interpretation and enforcement of planning rules. Stronger state oversight may address these issues.</p> <p>More frequent planning scheme reviews may better align infrastructure development with planning and housing development.</p> <p>As a positive example of coordinated planning, the WA Government is pursuing an initiative to support the development of diverse housing around metropolitan train stations.<sup>12</sup></p>                                                                                                                                                                                                                                                                                                                                           | <p>The PC should recommend ways to improve the application of planning rules and identify priority areas for greater coordinated planning across all levels of government.</p>                                                                                                                                                                                                          |
| <p><b>Improving development of enabling infrastructure</b></p> <p>Across sectors, businesses report excessively long or delayed lead times for connections to utilities. This is no different in housing development.</p> <p>Single coordination points within State and Territory Governments could benefit projects requiring multiple approvals. This would improve utility sequencing by providing a whole-of-system perspective to planning and approvals and better connect growth areas identified through planning frameworks with timely infrastructure investment.</p> <p>To address bottlenecks, Governments should explore progressive rollout of enabling infrastructure in housing developments. For large developments, progressively funding and scaling infrastructure can align investment with demand. Developer contribution frameworks should reflect this progressive rollout.</p> | <p>The Australian, State, Territory and Local Governments should work together to strengthen the coordination between housing development planning and infrastructure development.</p> <p>The PC should recommend that flexible infrastructure access be explored by Governments, to allow progressive funding of enabling infrastructure that meets demand without 'gold plating'.</p> |
| <p><b>Relaxing land-use rules where people want to live</b></p> <p>CCIWA is supportive of relaxing land-use controls that reduce commercial feasibility and limit flexibility. Controls should reflect a risk-based approach that matches local needs.</p> <p>Layers and layers of controls represent a cumulative constraint on developments which can make them unviable. Overly prescriptive local policies should be reviewed and removed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Governments should audit land-use controls to identify where they prevent feasible housing outcomes and diverge from best practice. These controls should meet a transparent cost-benefit analysis and be removed where costs outweigh benefits.</p>                                                                                                                                 |
| <p><b>Modernising housing development</b></p> <p>Parts of the housing construction ecosystem could benefit from modernisation.</p> <p>This should include exploring opportunities to incorporate robustly tested emerging productivity-enhancing tools, such as Artificial Intelligence, into all stages of the housing construction lifecycle, as well as requiring additional regulation to meet rigorous evaluative standards prior to implementation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>The Australian Government should develop a framework to guide how best to incorporate emerging productivity-enhancing tools into the housing development system.</p> <p>Additional regulation, such as additional environmental or heritage requirements, should undergo robust cost-benefit analysis and should only be implemented should those requirements be met.</p>           |
| <p><b>Improving accountability</b></p> <p>CCIWA supports data collection and publication to make each stage of the housing development process more transparent. This</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>The PC should explore opportunities to increase end-to-end transparency of the housing development process.</p>                                                                                                                                                                                                                                                                      |

<sup>12</sup> Government of Western Australia. [Precincts WA](#). 5 August 2026.

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| <p>must be done with care to secure buy-in from all stakeholders and ensure the robustness of data. This would facilitate accountability and long-term planning.</p> <p>Deviations from statutory timelines should be investigated to identify and address root causes. Relevant agencies should be truly accountable for not meeting statutory requirements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>This should include ways to publish data about timelines for every stage of the process and frameworks to address deviations from statutory timelines.</p>                                                                                                                                                                     |
| <p><b>Regulations impacting skilled workforces</b></p> <p>The PC must consider the lack of skilled trades people for the construction industry in this inquiry. CCIWA hears constantly that this is one of, if not the top, issue confronting the construction industry.</p> <p>Regulation that impacts labour supply has substantive impacts on the delivery of housing. Addressing the decreasing numbers of completed apprenticeships and traineeships<sup>13</sup>, licensing constraints, and inefficiencies in Automatic Mutual Recognition (AMR) and the migration system – where overseas skills are often under-recognised – will strengthen the national construction workforce.</p> <p><i>“Our view is that [solutions for regulatory barriers] are all irrelevant if we don’t have the people to build homes.” – CCIWA member</i></p> | <p>The Australian, State and Territory Governments should investigate opportunities for broader reform to unlock housing potential, including regulation to support a growing workforce.</p> <p>The PC should recommend that governments accelerate initiatives to address the housing construction skilled workforce crisis.</p> |
| <p><b>Tax reform</b></p> <p>Stamp duty is an inefficient tax that adds significant costs to housing and can prevent people from living where they want to, in quality homes that meet their needs.</p> <p>Along with supporting broader tax reform to drive economic efficiency, CCIWA supports abolishing stamp duty to enable right-sizing and to ease housing market pressures.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>The PC should recommend abolishing laws that require stamp duty.</p>                                                                                                                                                                                                                                                           |

<sup>13</sup> National Centre for Vocational Education Research. [Apprentice and trainee completion rates 2025](#). 28 July 2026.