

28 August 2025

Opportunities to Improve Construction Industry Productivity
Queensland Productivity Commission
PO Box 12078 George St
Brisbane QLD 4003

SUBMISSION TO THE PRODUCTIVITY COMMISSION INTERIM REPORT

About Q Shelter

Q Shelter is Queensland's peak body responding to unmet housing needs and homelessness. We envision a future in which every Queenslanders has a home.

Incorporated in 1993, Q Shelter is a membership-based organisation that works to strengthen system capacity and influence policy and investment to support effective solutions.

We are engaged at all levels of government, working collaboratively with the public and private sectors, the community services sector, and the wider community to achieve real solutions that succeed through to implementation.

Q Shelter's membership base includes Specialist Homelessness Services (SHS), Community Housing Providers (CHPs), the wider human services sector, academic institutions, other peak organisations, community members, individuals with lived experience of homelessness, and private sector stakeholders.

We have numerous standing engagement activities to involve stakeholders in defining policy solutions. Our framework for policy development includes a synthesis of evidence and sector engagement.

Unmet housing needs

Q Shelter's first submission to the Productivity Commissions Construction Inquiry raised concerns about:

- Productivity impacts on the delivery of social and affordable housing through community housing providers
- Reducing the costs of construction to support the viability and sustainability of social and affordable housing
- Improving the efficiency and time taken for planning approvals
- Greater investment in Modern Methods of Construction (MMC) including an industry road map and a pipeline of funding and coordinated support
- Maintaining housing standards and accessibility measures to ensure people can live independently with reduced dependencies on other state-funded assistance.

We commend the examination of productivity in the context of Queensland's critical housing shortage. The most fundamental context to achieve enough homes for every Queenslanders is that the housing system has a healthy relationship between supply and demand. Housing targets based on population needs and inclusive of targets for particular housing typologies are a fundamental policy lever helping to define delivery mechanisms and systems of monitoring and evaluation.

Within an overall housing system, diverse housing typologies are essential to meet the needs of all Queenslanders. The fundamental benefits of having a secure and stable home deliver multiple impacts to the wider community. In relation to people experiencing vulnerabilities due to lower incomes,

disability, mental health challenges, the impacts of trauma, domestic and family violence and ageing, stable, affordable housing results in:

- Improved health as housing is accepted as a social determinant of health
- Greater independence of individuals and households with a corresponding reduced dependency on other government funded systems including hospitals, emergency services and wider community services
- Reduced homelessness and reduced costs of crisis responses
- Improved engagement with opportunities such as employment, training and education
- Improved capacity to deliver home-based services rather than more expensive forms of institutional care
- More optimal childhoods for children who don't face multiple moves due to supply and affordability challenges.

There is significant unmet housing need across Queensland driven by:

- Reducing home ownership levels
- Increasing reliance on the private rental market despite sustained low vacancy rates and little security of tenure
- Wait lists for social housing involving over 27,600 households and over 45,000 people (December 2024)
- Surging demand for specialist homelessness services (an increase of 22% by 2024)
- More people seeking crisis accommodation support, including through hotels and motels funded by the Queensland State Government
- A greater diversity of people seeking housing assistance due to a lack of supply, including working people
- Rising house purchase prices, including in regional Queensland (Core Logic Home Values Index, June 2025)
- Rising median rents throughout Queensland linked to undersupply (REIQ, 2025).

The University of New South Wales has identified significant unmet housing needs among people in the lowest 40% of the income spectrum. In Brisbane, the unmet need is for 71,000 households and across the balance of Queensland, 81,500 (UNSW City Futures, 2022).

The scope of our concerns

The scope of our focus and concerns about the Productivity Commission Interim Report includes:

1. **Planning reforms** that streamline planning processes and incentivise infill housing development, for diverse households inclusive of people living with disability, older people and for key workers in the economy
2. **Government procurement processes** that make it easier for non-market housing development to reach completion more quickly
3. Government's role in unleashing **greater adoption and utilisation of modern methods of construction** (MMC) in the housing delivery pipeline, particularly linked to the social and community housing pipeline (53,500 new homes)
4. Retaining the **Liveable Housing Design Standard**, because this assists diverse households to access market and other housing, and live more independently with less reliance on higher cost modifications later. This submission will argue that the construction industry has already started

to adapt to the changes in October 2023, and that the cost of implementation at the point of construction is far less than retrofitting homes to address current or emerging needs for access responding to current disability or emerging and new needs.

1. Planning reforms

1.1 Social and affordable housing

Social and affordable housing meets a range of community needs inclusive of people on low, fixed incomes such as income support, and people on lower incomes including lower working incomes who are increasingly struggling to find and sustain homes in the private rental market due to lack of supply and decreasing affordability.

A range of planning system improvements and levers support the delivery of social and affordable housing. They also potentially speed up the delivery of other housing typologies helping to meet wider housing supply targets and addressing the needs of wider segments of the community through housing density and diversity.

There has been considerable discussion about inclusionary zoning and how it can be delivered. The Report suggests that inclusionary zoning adds to cost but doesn't address how the inclusion of social and affordable housing through partnerships with CHPs can attract and leverage other resources. It is also a concern that the scope for affordable housing as a component in priority development areas is under challenge. We consider the role of Economic Development Queensland to be critical in helping to facilitate the inclusion of diverse housing typologies through partnerships and other arrangements.

Funding inclusionary zoning is often mistaken for a cost to the private sector. The current policy and investment environment includes varied funding opportunities through Housing Australia and Queensland's housing investment funding pipeline. Growth-focused community housing providers may also be able to leverage their balance sheets to attract debt financing and, in some instances, also attract sources of philanthropy. They work with local governments in partnerships to secure land. They commission private sector construction companies to deliver growth programs that have been increasingly supported by a more favourable policy environment. Importantly, inclusionary zoning can also be supported by density bonuses and other planning incentives.

Affordable housing is particularly important to a broader view of productivity and a thriving economy. Segments of the labour market that need affordable housing products include key workers such as nurses, paramedics and emergency services workers, retail and hospitality industry workers, home care, child care and aged care workers and many others important to direct service delivery by governments and community services.

Affordable housing that achieves discounted rents helps to prevent housing stress. It does require intentional facilitation to be achieved. There are many levers to use in helping achieve partnerships that harness government investment and other components to achieve a healthy housing mix where people essential to the economy can suitably live without facing unreasonably long commutes, and financial impacts from the cost of private transport.

In our view this requires a commitment to affordable housing in priority development areas and in other locations where housing is well located in relation to transport, services and employment.

Recommendations:

1. That Inclusionary Zoning is retained and that affordable housing targets are maintained as part of priority development areas with a role for EDQ in facilitating partnerships to achieve housing supply, density and diversity.
2. That more is done to articulate Inclusionary Zoning models that engage and involve CHPs in wider partnerships to develop and deliver affordable homes in perpetuity.
3. Continue the use of State Facilitated Development provisions to accelerate the delivery of social and affordable housing projects.
4. Engage community housing providers in strategic-level discussions to understand the ways that community housing can be delivered more quickly and affordably.
5. Recommend the development of a community housing industry roadmap setting out a pathway to industry growth and sustainability.

1.2 Support for proposed planning measures

Q Shelter has consistently advocated for planning system reforms to reduce the time involved in housing delivery as well as promote and increase housing density and diversity.

Q Shelter supports the following to achieve housing supply, diversity and density:

- increased consistency across planning schemes in Queensland
- simplified approvals processes and requirements for houses and smaller attached dwellings
- retaining housing targets in regional plans and by local government area, inclusive of targets for social and affordable housing, and a robust monitoring process to track housing delivery and implementation
- more flexible local building regulations to support innovation in supply, density and diversity
- greater consolidation of residential development close to transport and other infrastructure reducing reliance on private vehicles and reducing the time and financial costs of longer commuting
- increased development rights in locations with high amenity
- additional zoning reforms to facilitate housing density and diversity including infill development
- state and local government-led initiatives to build community support and address community opposition to housing supply, density and diversity
- remove or reduce minimum lot sizes and maximum density provisions to promote flexibility, diversity and innovation in the supply of more homes to meet emerging and future needs for smaller households, well-located in relation to services and infrastructure
- more generally Q Shelter supports the removal of height and density restrictions
- fast-track approval processes for all residential development and alternative development assessment pathways for significant developments
- prevent an overreliance on green field developments because of the ongoing costs to households of being located in peri-urban and urban fringe areas
- consider new approaches to car parking requirements that reduce the cost of housing delivery
- retain inclusionary zoning approaches and increase private industry's understanding of models that help achieve sustainable delivery of affordable housing including through facilitated partnerships involving community housing providers, local councils and developers to

achieve social and affordable homes (including through the current level of Government investment)

- a greater leadership role for the State Government to establish and mandate certain requirements for density so that local governments are appropriately supported to deliver planning schemes that achieve strategic housing supply outcomes
- require a consistent approach across all local governments to the elimination of infrastructure charges for social and affordable homes delivered by community housing providers, to fast-track development and attract investment.

2. Government procurement processes

Recent changes to proposed procurement processes led by the Department of Housing and Public Works are welcome in relation to the delivery of social and affordable housing. These streamlined pre-lodgement activities to strengthen and focus potential government funding bids will assist in reducing bid costs. They also include an 'always on' procurement model that supports the development of a pipeline of social and affordable housing projects across the state, underpinned by the State's housing targets. This is something the industry has been calling for and welcomes. Continued examination of how providers can be engaged to deliver a pipeline of projects instead of single projects at one point in time is important to helping the industry reach sustainable levels of growth.

We also suggest that the impact of these new procurement processes is monitored and evaluated to understand any other process improvements that can speed up delivery and help community housing providers effectively partner with the private industry, investors, financial institutions and local governments.

Please refer to our joint submission on MMC (noted below) for further procurement recommendations in those areas.

3. Modern Methods of Construction (MMC)

Q Shelter has made a joint submission to the Inquiry with Building 4.0 CRC, which includes more detail about the adoption and wider use of MMC to boost productivity and the speed and cost effectiveness of construction.

Queensland has a significant unmet need for housing across all typologies, including social and affordable homes. Q Shelter is engaged with construction and manufacturing industry bodies as well as providers of modular homes. We are engaged with local governments struggling with housing undersupply in their communities.

The need for more homes, as quickly as possible, is well-established with national, state and local targets for housing supply as one policy lever to support delivery and monitoring of implementation success.

Housing industry challenges persist, yet in other jurisdictions beyond Australia, greater progress has been achieved to scale up the delivery of homes through modern methods of construction (MMC), including leveraging the role of government in coordinating policy and program activity and leveraging the housing pipeline and wider infrastructure plans.

While there have been pilot projects in Queensland and in other states and territories, this approach to construction needs to be accelerated through industry development and a guaranteed pipeline of demand, enabling this industry to scale up and deliver homes at a lower cost and more quickly.

One provider signalled that supply could increase from 60 homes to 400 homes per year if there was guaranteed pipeline of orders over time.

Q Shelter urges structured engagement with the MMC industry inclusive of some key local government representatives and larger community housing providers to establish a clear set of objectives with specific industry measures to achieve rapid scaling up of capacity to deliver homes.

Our detailed recommendations to the inquiry on MMC are included in our joint submission.

4. Liveable Housing Design Standard (LHDS)

Housing as a fundamental need

The Liveable Housing Design Standards are intended to achieve building design that more comprehensively meets the needs of the community including older people and people with mobility limitations.

Importantly, this Standard is adapted from the 'Silver' level requirements of the Liveable Design Guidelines (Australian Building Codes Board, 2017).

The Productivity Commission's Interim Report cites concerns that:

- Building codes have moved beyond providing minimum safety and quality standards towards 'driving market best practice and other societal goals'
- Additions to the NCC related to liveable housing have increased construction costs.

It is important to establish that housing is a fundamental need and right serving societal goals of community wellbeing and productivity. Activities including volunteering, training, education, employment and participation in civil society are all strengthened by housing that is adequate in supply, appropriately located and designed to meet the needs of all members of the household.

Communities are diverse with diverse needs

The profile of Queensland's communities includes important levels of diversity including gender, age and mobility levels. Some important aspects of Queensland's demographics include:

- 1,179,632 people aged 55 years and over¹
- an estimated 435,700 (8%) of Queenslanders of all ages with a profound or severe disability—people with a profound or severe disability require assistance in everyday activities, including core activities such as self-care, mobility and communication²
- more than 642,000 unpaid carers aged 15 years and over in Queensland providing long-term unpaid care for someone living with disability, long-term health conditions or who is frail and ageing
- Approximately 1.2 million Queenslanders live with disability (Queensland Government Disability statistics)
- Twenty-three per cent of all people living with disability experience mobility challenges and 38.5% of people living with disability and have mobility challenges need help with more than one activity (AIHW 2024)
- The incidence of disability involving challenges with mobility increase with age (AIHW, 2024)

¹ ABS Census of Population and Housing 2021

² Queensland Government Disability Statistics - <https://www.qld.gov.au/disability/community/disability-statistics>

The Standards are a form of prevention and reduced dependency of Government

The Queensland Government is working towards embedding greater elements of prevention across a number of policy areas. Prevention typologies reflect a number of levels including population level measures to achieve the prevention of higher cost and more complex solutions downstream.

The Standards provide more housing choices and the capacity to age in place and live more independently and safely preventing other more costly interventions downstream.

More homes liveable homes prevent households from bearing higher financial costs downstream.

People present for assistance when their housing is no longer meeting their needs. They present to a range of human services such as community aged care, housing and homelessness services, health facilities and broader community services. Better access to more liveable homes delivered through housing targets will mean that more households can address their own needs with greater independence, reducing the need for other types of assistance. These are costs that will potentially be borne in other types of government funded services.

The cost of implementation is modest compared to retrofitting homes

The Interim Report cites Regulatory Impact Statement data highlighting that additional compliance costs when implementing the LHDS are \$3,874 per house, \$4,186 per townhouse and \$5,748 per apartment.

These costs are relatively small compared with the cost for households seeking to retrofit homes to address existing or emerging mobility challenges. These higher costs are borne by households already vulnerable for a range of reasons and whose incomes may be declining due to age and other factors.

The following quote is from a construction company routinely delivering the LHDS in the construction of social and affordable homes:

'We reviewed the cost difference in achieving the silver performance standard of the Livable Housing Design Guidelines during construction and post-construction.

From our calculations, the cost between 'standard' and 'silver' for a new build is very minimal – circa \$1,500 + GST per unit for a 1 bedroom.

For a retro fit from 'standard' to 'silver', there are many variables, but if we assume that step free access and circulation space in the 'standard' already meets the 'silver' requirements, then the retro fit cost will be circa \$10,000 + GST per unit for a 1 bedroom.

However, if an existing 'standard unit' does not comply with the 'silver' requirements for step free access and circulation space then the retro fit costs could be between \$35,000 to \$50,000 + GST per unit for a 1 bedroom.

In the above estimates, we have assumed that the unit size (internal area) for both the 'standard' and the 'silver' remain equal, i.e. 49m² for a 1 bed unit, as per the Liveable Housing Design Guidelines, therefore, no additional building area has been included.'

The cost and demand for retrofitted homes also requires access to building and construction contractors. In a constrained market limited by workforce and the availability of trades, households could

face waiting periods due to availability constraints and rising costs where demand for services exceeds the availability of suppliers.

Q Shelter has sourced additional cost estimates for implementing the design standards as follows:

The standards improve housing choices at a time when housing supply targets are a national priority

The implementation of the standards at a time when there are significant housing targets for new homes across all typologies means that housing choices would genuinely increase for all households including households impacted by disability that causes mobility challenges and barriers.

Improved liveability through design reduces the burden on carers and the costs of care

Accessing an appropriately liveable home when mobility challenges exist means that people are more likely to age in place and the burden on carers is reduced because fundamental and basic access features are guaranteed.

Growth community housing providers have embraced the standards

Q Shelter consulted with member CHPs with one signaling the following:

"The impacts on cost resulting from the Liveable Design Standards now incorporated in the NCC don't impact our organisation very much as we already design to the LHA Liveable Housing Guidelines and the Qld Social Housing Design Guideline.

The new NCC requirements only allows for the equivalent of Silver LHA standard, so would have associated costs to achieve:

- *Flush thresholds to ground floor entries (this has only been an issue on two projects for us)*
- *Ply lining to bathrooms*
- *Bathrooms on ground floors*

This provider referred to the ABCB report citing relatively low cost impacts related to silver standards ([ABCB Report](#)).

They further added:

'Our main costs would be designing to the LHA Liveable Design Guidelines Gold and Platinum levels. These have added costs associated with:

- *Additional floor area to achieved clearances to corridors, kitchens, bathrooms and bedrooms, additional floor area to platinum laundries (gold LHA might add 3-5sqm, platinum adds approx. 15sqm per apartment)*
- *Alternative sanitary fittings to platinum units (+\$1,000 per platinum bathroom, +\$140 per platinum kitchen)*
- *Adaptable joinery to platinum units*
- *Providing flush thresholds to entrances (requires ramping and special detailing at doors)*
- *Providing flush thresholds to balconies & balcony doors (this requires set downs in slab construction, as well as strip drains or paver-on-pod style tiling to balconies)*

On recent costs per sqm rate, the extra 15sqm required for Platinum dwellings would be costing around \$70-82,000 extra compared to a LHA Silver unit.'

Another industry expert indicated the following:

'There was some concern at the outset that the Standards would add big costs to newbuild, but that was industry overkill. In my experience once industry got used to building the standards into regular product, the additional cost was minimal- with the exception of platinum/Disability standards'.

Another Tier 1 CHP responsible for significant growth projects reinforced that the higher costs relate to platinum standards and not silver standards:

'It's hard to argue with the principal of homes be more accessible. My team advise that 95% of Silver LDS was incorporated into the NCC as a base. Further, it is only when you increase to Gold & Platinum LDS that cost increases will be experienced.'

Q Shelter urges the retention of the Liveable Housing Design Standard due to its positive impact on productivity and because it delivers value for money. Q Shelter also argues that the LHDS helps to prevent unmet housing needs because more homes will cater to current and emerging needs requiring less cost to households downstream and potentially less dependency on Government investment.

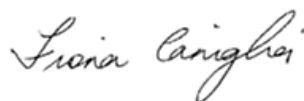
Recommendations:

1. That mandatory Liveable Housing Design Standards are retained in Queensland to:
 - prevent higher downstream costs for households
 - improve housing choices in the private housing system
 - 2increase independence
 - reduce the burden on carers
 - prevent forced moves
 - support greater safety at home due to reduced falls and other physical risks.
2. That the Productivity Commission consider undertaking a cost-benefit analysis to understand the wider impacts of retaining LHDS on reducing other costs, improving independence and sustaining people's housing outcomes with fewer forced moves.
3. Promote the standards and support implementation through information, education and training for industry.

We appreciate the opportunity to provide further input to the QPC Construction Inquiry. We would be happy to assist with further aspects on the Inquiry, on these topics, and others, and can assist in convening various parts of the housing system, including the community housing sector as required.

For further contact or questions regarding the submission, please contact the Q Shelter General Manager, Policy & Strategic Engagement, Jackson Hills, at Jackson.Hills@qshelter.asn.au in the first instance.

Yours sincerely,



Fiona Caniglia
Chief Executive Officer