

# **Response to the Queensland Productivity Commission 2025 Interim Report - Opportunities to improve productivity of the construction industry**

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## **Summary**

The Queensland Productivity Commission's preliminary position is that Queensland should opt out of the National Construction Code's Livable Housing Design Standard.

By not opting out of the Livable Housing Design Standard, Queensland will remain in alignment with the housing requirements and desired outcomes of:

- The existing, ratified rights of the United Nations Convention on the Rights of Persons with a Disability,
- Australia's Disability Strategy 2021–2031
- The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability: Final Report

- The large majority of Australian States and Territories that have opted in to the Livable Housing Design Standard.

Dwellings constructed to the Livable Housing Design Standard are safer for all residents as they reduce the number of injuries associated with falls. This is particularly the case for residents over the age of 65.

Livable Housing Design Standard compliance is currently required for all new residential dwellings in Queensland. Since there are no technical hinderances or new building techniques required to compliance the housing industry is getting on with what is now a business-as-usual situation.

The cost of building to the Livable Housing Design Standard adds about 1% to overall construction costs. This figure was determined by *CIE 2021 Proposal to include minimum accessibility standards for housing in the National Construction Code; Decision Regulation Impact Statement*.

The Australian and the Queensland Productivity Commissions have both clearly identified major hindrances to housing industry productivity which if addressed would result in significant savings during construction. This would more than compensate for any construction cost incurred through compliance with the Livable Housing Design Standard.

The Interim Report focusses too heavily on the cost to industry but too lightly on the value to society. Dwellings have service lives of many decades and house multiple residents during that time. Dwellings constructed to the Livable Housing Design Standard will better accommodate the needs of residents and their visitors during the dwelling's service life.

Voluntary codes for Livable housing have in the past been largely ignored by the housing industry.

- In 2009 the National Dialogue on Universal Design—which included government, housing industry and disability sector representatives—agreed that as an aspirational goal, all new homes will be of agreed universal design standards by 2020, with interim targets and earlier completion dates to be determined for some standards.
- Since the release of the voluntary LHDG (Livable Housing Design Guidelines) by Livable Housing Australia in 2010 estimates of the proportion of new private homes built to the LHDG range between 5 and 10 per cent.

### Queensland Productivity Commission Interim Report

On July 31, 2025, the Queensland Productivity Commission released an interim report on opportunities to improve productivity in the Queensland

construction industry<sup>1</sup>. In this interim report the Queensland Productivity Commission's preliminary position is that Queensland should opt out of the recent NCC energy efficiency and accessibility standards. Excerpts read:

The evidence suggests that recent changes, including additions to NCC 2022 related to 'livable housing' and energy efficiency requirements, have increased construction costs for builders, who are likely to pass them on to consumers in the form of higher prices (Lia 2022). While these changes are also likely to provide some benefits, such as improved accessibility and energy performance, regulatory impact analysis undertaken showed these benefits were unlikely to justify the costs they impose.

It is therefore within the purview of the Queensland Government to amend or 'opt-out' of any provisions of the NCC via the QDC and QPWC, if they are deemed to not be in the State's interest.

Industry stakeholders have expressed concerns about the increasing complexity and cost involved in complying with building codes and standards. These concerns are amplified by poor regulatory processes. For example, recent changes to energy efficiency and accessibility standards in the NCC were adopted despite having been assessed as imposing net costs on the community.

There is a strong case for Queensland to opt out of any regulatory change, including changes to the NCC, where a net benefit has not been demonstrated.

Given recent changes to the NCC failed both tests, the Commission's preliminary position is that Queensland should opt out of the recent NCC energy efficiency and accessibility standards. Such a change would not restrict the market, that is, builders or consumers, from adopting the stronger energy efficiency or accessibility standards set out in the current NCC if they believe there are benefits from doing so.

Opting out of the Livable Housing Design Standard<sup>2</sup> will reimpose substantial social and economic costs on society. Residential buildings usually have a service life of many decades. A succession of different residents, each with their own unique living requirements will occupy the dwelling during its service life. A study by Smith, S.K. et al. (2008) found

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<sup>1</sup> <https://www.qpc.qld.gov.au/docs/construction-productivity/Interim%20Report%20-%20Opportunities%20to%20improve%20productivity%20of%20the%20construction%20industry.pdf>

<sup>2</sup> <https://ncc.abcb.gov.au/sites/default/files/resources/2023/Livable-Housing-Design-Standard-2022-1.3.pdf>

that there is a 60% chance that any home will house someone with a disability during its service life<sup>3</sup>.

Costs are incurred over a dwelling's service life, but cost of renovation in order to meeting changed life circumstance is greatly reduced by compliance with the Livable Housing Design Standard.

The Australian Building Codes Board (ABCB) commissioned the Centre for International Economic (CIE) to produce a Regulation Impact Statement on the inclusion of a Livable Housing Design Standard in the National Construction Code.

The *CIE (2021) Proposal to include minimum accessibility standards for housing in the National Construction Code; Decision Regulation Impact Statement*<sup>4</sup> found that building to the Livable Housing Design Standard<sup>5</sup> would on average cost only:

- Separate house           \$3,874
- Townhouse               \$4,186
- Apartment               \$5,748

These figures compare very favourably with the CIE (2021) estimates for retrofitting a dwelling for accessibility:

It is estimated that the weighted-average cost of modifications that could be avoided if dwelling designs were consistent with universal design principles is around \$22 899 per dwelling (table 3.32).

Queensland's Department of Housing and Public Works also notes societal and government costs<sup>6</sup>:

A lack of accessible housing comes at a significant cost in the form of:

- unnecessarily expensive home modifications to make homes more accessible
- longer stays in hospital and transition care (if applicable) if discharge is delayed due to inadequate accessibility features in the home
- not being able to age-in-place, needing to be relocated to more suitable accommodation

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<sup>3</sup> <https://www.tandfonline.com/doi/full/10.1080/01944360802197132>

<sup>4</sup> <https://www.abcb.gov.au/sites/default/files/resources/2022/Final-decision-RIS-accessible-housing.pdf>

<sup>5</sup> <https://ncc.abcb.gov.au/sites/default/files/resources/2023/Livable-Housing-Design-Standard-2022-1.3.pdf>

<sup>6</sup> <https://www.housing.qld.gov.au/initiatives/modern-homes/livable-housing-design-standard>

- an inability for friends and family to visit each other due to inadequate accessibility features in the home.

By retaining the Livable Housing Design Standard, Queensland will avoid these impositions on society and government.

### What is the Livable Housing Design Standard?

The Livable Housing Design Standard<sup>7</sup> referred to by the Queensland Productivity Commission is part of Australia's National Construction Code (NCC). It was incorporated into the NCC in 2022. The States' Housing ministers and the ABCB saw societal and economic benefit in this reform<sup>8</sup>.

The changes will help increase the stock of Australian housing that is adaptable and better able to meet the needs of older people and people with mobility limitations. This is important to support housing choice, ageing in place and reducing the cost of future adaptations as people's needs change over time.

The Standard applies to residential dwellings, whether houses or units. It is this Standard that the housing industry is advocating to remove from the Queensland edition of the National Construction Code. Excerpts from the Standard read:

This Australian Building Codes Board (ABCB) Standard provides a set of technical provisions that if complied with will enable dwellings to better meet the needs of the community, including older people and people with mobility limitations. This ABCB Standard has been adapted from the 'Silver' level requirements of the Livable Housing Design Guidelines (LHDG), fourth edition, 2017, which were first published by Livable Housing Australia.

This ABCB Standard is intended as a set of minimum necessary provisions, rather than as an exemplar of best practice. This is consistent with the role of the National Construction Code (NCC) which calls up this ABCB Standard.

This ABCB Standard is not intended for use in designing specialist accommodation, nor is it intended to achieve equivalence with AS 1428.1. Therefore, its provisions may not accommodate the needs and abilities of all home occupants. Nonetheless, the features described herein are considered to be of most widespread benefit and use in the majority of circumstances.

The ABCB website briefly explains the requirements of the Standard and the rationale for its introduction<sup>9</sup>.

<sup>7</sup> <https://ncc.abcb.gov.au/sites/default/files/resources/2023/Livable-Housing-Design-Standard-2022-1.3.pdf>

<sup>8</sup> <https://ncc.abcb.gov.au/news/2022/new-livable-housing-design-requirements>

<sup>9</sup> <https://ncc.abcb.gov.au/news/2022/new-livable-housing-design-requirements>

Livable housing design is about changing the way we design homes to make them easier to use and more adaptable to the changing needs of occupants.

In practice, this means reducing steps where possible, more space in the bathroom, wider doorways, and providing for future adaptations such as adding grabrails.

We call these new requirements 'livable housing design' because they're based on the Livable Housing Design Guidelines (silver level), first published by Livable Housing Australia<sup>10</sup>.

The changes will help increase the stock of Australian housing that is adaptable and better able to meet the needs of older people and people with mobility limitations. This is important to support housing choice, ageing in place and reducing the cost of future adaptations as people's needs change over time.

## Dwelling safety

Constructing dwellings to the Livable Housing Design Standard lowers the risk of falls and associated injuries.

On a daily basis in Australia, on average over 400 people aged over 65 are admitted to hospital due to a fall<sup>11</sup>. Much of the expense associated with these hospitalisations falls on government and is very much to the detriment of the public health system.

Fall related injuries are a common cause of disability and loss of independence in older age<sup>12</sup>. Regrettably, 17 people over the age of 65 die as a direct result of falls every day in Australia, often due to head trauma or internal bleeding.

Approximately 53% of all falls that result in hospital admissions occur in and around the home<sup>13</sup>. Building to Livable Housing Design Standard can reduce this figure through elimination of tripping hazards such as steps and stairs, and balance aids such as bathroom and toilet grabrails.

The World Health Organization (2021)<sup>14</sup> in their *Step safely; strategies for preventing and managing falls across the life-course* stress building dwellings to universal access and design principles as an effective means of fall prevention:

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<sup>10</sup> <https://universaldesignaustralia.net.au/wp-content/uploads/2017/08/lhaguidlineseditionno4-2017.pdf>

<sup>11</sup> <https://www.aihw.gov.au/reports/injury/falls>

<sup>12</sup> <https://www.who.int/teams/social-determinants-of-health/safety-and-mobility/step-safely>

<sup>13</sup> <https://www.aihw.gov.au/reports/injury/falls-in-older-australians-2019-20-hospitalisation/contents/where-did-falls-occur>

<sup>14</sup> <https://iris.who.int/bitstream/handle/10665/340962/9789240021914-eng.pdf>

## Interventions to Prevent Falls Among Older People in The Home

Reduce fall hazards in home and neighbourhood environments:

- Homes and other buildings to be built to safe standards, including universal access and design principles.

### Voluntary codes are ignored by industry

On July 31, 2025, the Queensland Productivity Commission released an interim report on opportunities to improve productivity in the Queensland construction industry<sup>15</sup>.

The evidence suggests that recent changes, including additions to NCC 2022 related to 'livable housing' and energy efficiency requirements, have increased construction costs for builders, who are likely to pass them on to consumers in the form of higher prices (Lia 2022). While these changes are also likely to provide some benefits, such as improved accessibility and energy performance, regulatory impact analysis undertaken showed these benefits were unlikely to justify the costs they impose.

It is therefore within the purview of the Queensland Government to amend or 'opt-out' of any provisions of the NCC via the QDC and QPWC, if they are deemed to not be in the State's interest.

Such a change would not restrict the market, that is, builders or consumers, from adopting the stronger energy efficiency or accessibility standards set out in the current NCC if they believe there are benefits from doing so.

The regulatory impact analysis referred to was the *CIE 2021 Proposal to include minimum accessibility standards for housing in the National Construction Code; Decision Regulation Impact Statement* which was undertaken for the ABCB<sup>16</sup>. This found that:

Since the release of the voluntary LHDG (Livable Housing Design Guidelines) by Livable Housing Australia in 2010 estimates of the proportion of new private homes built to the LHDG range between 5 and 10 per cent.

Opting out of the National Construction Code's Livable Housing Design Standard and returning to voluntary implementation and hoping for industry compliance would be a hope held in vain.

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<sup>15</sup> <https://www.qpc.qld.gov.au/docs/construction-productivity/Interim%20Report%20-%20Opportunities%20to%20improve%20productivity%20of%20the%20construction%20industry.pdf>

<sup>16</sup> <https://www.abcb.gov.au/resource/regulation-impact-statements/proposal-include-minimum-accessibility-standards-housing-ncc>

A voluntary approach has been tried and failed. In 2009 the National Dialogue on Universal Design<sup>17, 18</sup>—which included government, housing industry and disability sector representatives—agreed that:

As an aspirational goal, all new homes will be of agreed universal design standards by 2020, with interim targets and earlier completion dates to be determined for some standards.

Because the goal was aspirational and not mandated it was largely ignored by industry. The same fate awaits any construction code that is voluntary rather than mandated. Margaret Ward stated in 2015<sup>19</sup> that:

The housing industry, as a whole, has failed to show signs of voluntary systemic transformation. A generous estimation is that the current voluntary approach will achieve less than 5% of the National Dialogue's 2020 target.

### Right to appropriate housing.

Accessible housing is a human right not a grudgingly permitted privilege—if you can afford it. This right is articulated in the United Nations' *Convention on the Rights of Persons with Disabilities* (CRPD)<sup>20, 21</sup> which defines the fundamental human rights of people with disability.

Australia signed the CRPD on 30 March 2007, ratified the CRPD on July 17 2008 and ratified the Optional Protocol on 30 July 2009<sup>22</sup>. These ratifications are quite significant as is stated on the Federal Attorney General's website<sup>23</sup>:

In Australia, the Convention on the Rights of Persons with Disabilities (CRPD) is incorporated through legislation, policy and programs at federal, and state and territory levels. Implementation of the CRPD is a whole of government responsibility; this means that agencies at federal, state and territory levels play a part in implementing the articles of the CRPD within their portfolios.

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<sup>17</sup>

[https://formerministers.dss.gov.au/4890/nat\\_dialogue\\_improve\\_hsing\\_options\\_27oct2009/](https://formerministers.dss.gov.au/4890/nat_dialogue_improve_hsing_options_27oct2009/)

<sup>18</sup> <https://humanrights.gov.au/our-work/summary-outcomes-discussion-kirribilli-house-27-october-2009>

<sup>19</sup> <https://apo.org.au/sites/default/files/resource-files/2015-01/apo-nid53494.pdf>

<sup>20</sup> <https://social.desa.un.org/issues/disability/crpd/convention-on-the-rights-of-persons-with-disabilities-crpd>

<sup>21</sup> <https://humanrights.gov.au/our-work/disability-rights/united-nations-convention-rights-persons-disabilities-uncrpd>

<sup>22</sup> <https://www.health.gov.au/topics/disability-and-carers/empowering/international-disability-rights>

<sup>23</sup> <https://www.ag.gov.au/rights-and-protections/publications/australian-government-implementation-article-33-crpd>

The principles and commitments in the CRPD should therefore guide designers and service providers in the design, upgrade and function of their assets and services.

### **Article 9 - Accessibility<sup>24</sup>**

1. To enable persons with disabilities to live independently and participate fully in all aspects of life, States Parties shall take appropriate measures to ensure to persons with disabilities access, on an equal basis with others, to the physical environment, to transportation, to information and communications, including information and communications technologies and systems, and to other facilities and services open or provided to the public, both in urban and in rural areas. These measures, which shall include the identification and elimination of obstacles and barriers to accessibility, shall apply to, inter alia:
  - a) Buildings, roads, transportation and other indoor and outdoor facilities, including schools, **housing**, medical facilities and workplaces;

### **Article 28 - Adequate standard of living and social protection<sup>25</sup>**

1. States Parties recognize the right of persons with disabilities to an adequate standard of living for themselves and their families, including adequate food, clothing and **housing**, and to the continuous improvement of living conditions, and shall take appropriate steps to safeguard and promote the realization of this right without discrimination on the basis of disability.

Appropriate housing shall be designed according to universal design principles. Livable Housing Design Standards represent these universal design principles as they serve the best residential interests of all the population. It is an obligation on State parties to develop standards and guidelines for the implementation of the CRPD.

### **Article 2 - Definitions<sup>26</sup>**

For the purposes of the present Convention:

"Universal design" means the design of products, environments, programmes and services to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. "Universal design" shall not exclude assistive devices for particular groups of persons with disabilities where this is needed.

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<sup>24</sup> <https://social.desa.un.org/issues/disability/crpd/article-9-accessibility>

<sup>25</sup> <https://social.desa.un.org/issues/disability/crpd/article-28-adequate-standard-of-living-and-social-protection>

<sup>26</sup> <https://social.desa.un.org/issues/disability/crpd/article-2-definitions>

## Article 4 - General obligations<sup>27</sup>

- f) To undertake or promote research and development of universally designed goods, services, equipment and facilities, as defined in article 2 of the present Convention, which should require the minimum possible adaptation and the least cost to meet the specific needs of a person with disabilities, to promote their availability and use, and to promote universal design in the **development of standards and guidelines**;

## Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability: Final Report

In its Recommendation 7.35 the *Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability* determined in 2023 that adoption of the Livable Housing Design Standard by state and territory governments was one way in which the injustices experienced by people who have a disability could be addressed<sup>28</sup>. In the case of social housing and crisis housing the Royal Commission recommended that the ABCB Livable Housing Design Voluntary Standard<sup>29</sup>—which goes well beyond the minimum requirements of the Livable Housing Design Standard—be adopted.

### **Final Report Volume 7 Inclusive education, employment and housing Summary and recommendations**

*Recommendation 7.35* Increase the availability and supply of accessible and adaptive housing for people with disability through the National Construction Code.

State and territory governments should commit to increasing the availability and supply of accessible and adaptive housing for people with disability by:

- a. immediately adopting the mandatory Australian Building Codes Board (ABCB) Livable Housing Design Standard for all new dwellings if they have not done so already, and developing a plan for the full implementation of the standard, including timeframes and outcomes measures
- b. adopting the voluntary ABCB Livable Housing Design Standard for all new social housing construction

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<sup>27</sup> <https://social.desa.un.org/issues/disability/crpd/article-4-general-obligations>

<sup>28</sup> <https://disability.royalcommission.gov.au/publications/final-report-volume-7-inclusive-education-employment-and-housing>

<sup>29</sup> <https://www.abcb.gov.au/sites/default/files/resources/2023/Livable-housing-design-Beyond-Minimum-Voluntary-Standard-1.1.pdf>

- c. auditing the demand for, and accessibility of, current crisis housing (including domestic family violence shelters and refuges, and natural disaster crisis accommodation) to –
- determine the appropriate amount, location and cost of crisis housing required to meet the needs of people with disability
  - set appropriate targets for new crisis housing construction and refurbishment that meet the voluntary ABCB Livable Housing Design Standard.

Retaining the Livable Housing Design Standard, rather than opting out, should be viewed as a way to deliver justice to Queenslanders who have historically faced injustice.

Part of this injustice was articulated by Sully, A et al (2025)<sup>30</sup>:

We found from 2003 to 2022, people with disability in Australia experienced persistent and significant inequalities in housing affordability for every year during the 20-year period with no evidence of improvement in either absolute or relative inequalities over time. People with disability were between 1.8 and 2.5 times more likely to experience unaffordable housing than people without disability. This pattern was consistent across age and sex stratifications. The persistence of these inequalities indicates there is a housing affordability crisis for people with disability in Australia and this is a critical public health concern. Without targeted, structural reforms, people with disability will continue to experience both housing and health inequalities during the ongoing global housing crisis and for the foreseeable future.

Expensive retrofitting of dwellings to suit different life stages and changed circumstances is part of this cost burden faced by people with a disability as Sully, A et al (2025) state:

People with disability experience a range of socioeconomic disadvantage that increases their likelihood of living in unaffordable housing, including lower rates of employment and participation in the labour force, lower income levels, higher healthcare costs, and additional requirements for accessibility and home modifications, all of which impact the ability to secure affordable housing.

Additionally, people with disability are more likely to live in housing that is inadequate or inappropriate for their needs, further exacerbating their vulnerability to housing stress and related mental ill-health.

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<sup>30</sup> <https://doi.org/10.1016/j.healthplace.2025.103523>

## Australia's Disability Strategy 2021–2031

*Australia's Disability Strategy 2021–2031—2024 update: Building a more inclusive Australia*<sup>31</sup> places a policy priority on accessible housing.

### **Inclusive Homes and Communities**

*Outcome: People with disability live in inclusive, accessible and well-designed homes and communities*

Policy Priority 2: Housing is accessible and people with disability have choice and control about where they live, who they live with, and who comes into their home. Accessible and well-designed housing supports independence and social and economic participation.

Increasing the availability of accessible housing provides choices on where to live and, who to live with, and enables people with disability to visit, socialise and connect with neighbours, family, and friends. Improved take up of universal design principles will support people regardless of age or disability to live in their home through all stages of their lives

Opting out of the Livable Housing Design Standard will make Policy Priority 2 and its desired national 'Outcome' impossible to achieve.

### **Cost of building to the Livable Housing Design Standard**

As stated earlier the ABCB commissioned CIE to produce a Regulation Impact Statement on the inclusion of a Livable Housing Design Standard in the National Construction Code. This was *CIE 2021 Proposal to include minimum accessibility standards for housing in the National Construction Code; Decision Regulation Impact Statement*.

CIE's costings were contested by the disability sector, who believed that the costs were overstated and the benefits understated<sup>32</sup>. However, since the Interim Report relies on costings from CIE 2021 these figures—though contested—shall be quoted. It is obvious that even relying on CIE's figures the cost burden of Livable Housing Design Standard compliance is trivial.

### **Livable Housing Design Standard**

Ensuring new houses and units are compliant can cost, on average, as little as 1% of the average building<sup>33</sup>.

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<sup>31</sup> <https://www.disabilitygateway.gov.au/ads>

<sup>32</sup> [https://disability.unimelb.edu.au/\\_data/assets/pdf\\_file/0011/5305997/Queensland-PC-Inquiry-into-the-productivity-of-the-Queensland-construction-sector-Melbourne-Disability-Institute-Submission-Final.pdf](https://disability.unimelb.edu.au/_data/assets/pdf_file/0011/5305997/Queensland-PC-Inquiry-into-the-productivity-of-the-Queensland-construction-sector-Melbourne-Disability-Institute-Submission-Final.pdf)

<sup>33</sup> <https://www.housing.qld.gov.au/news-publications/strategies-plans/building-plan/areas-of-reform/livable-housing-design-standard>

## **Impact on new houses in Queensland**

The impact of implementing the new LHDS was considered in the Proposal to include minimum accessibility standards for housing in the National Construction Code - decision regulatory impact statement<sup>34</sup>. This document confirmed that retrofitting homes to comply with the new standard can be expensive and stressful.

The estimated average cost is around \$20,000 for houses and apartments. Some changes, like increasing the width of a corridor in an existing apartment, may not be possible to make.

In contrast, the average cost to ensure a new home complies with the same standards can be as little as 1 per cent of the average building cost.

Not only is it possible to build a compliant new home at a reasonable cost, but doing so increases the stock of houses that can improve a person's economic and social participation in society by making their life easier.

People who are affected by the lack of suitable housing with accessible features will be able to leave hospital when they are ready, which reduces the need for care services. Additionally, they can live in their homes longer close to family and friends.

At the broader level, homes with LHDS features promote more inclusive communities<sup>35</sup>.

## **CIE 2021 Proposal to include minimum accessibility standards for housing in the National Construction Code Decision Regulation Impact Statement**

The costs primarily comprise those associated with construction (material, labour and space) estimated by the quantity surveyor Donald Cant Watts Corke (DCWC). Adjusted nationally, and taking account of the net opportunity cost of space, estimated additional costs per dwelling range between \$3 874 (Silver separate house) to \$37 742 (Gold + apartment). This is equivalent to approximately 0.5-1.9 per cent for Silver, 1.4-9.0 per cent for Gold and 1.9-11.6 per cent for Gold +, of the average dwelling price depending on type and the location.<sup>36</sup>

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<sup>34</sup> <https://www.abcb.gov.au/sites/default/files/resources/2022/Final-decision-RIS-accessible-housing.pdf>

<sup>35</sup> <https://www.housing.qld.gov.au/initiatives/modern-homes/livable-housing-design-standard#:~:text=Impact%20on%20new%20houses%20in,close%20to%20family%20and%20friends.>

<sup>36</sup> <https://www.abcb.gov.au/sites/default/files/resources/2022/Final-decision-RIS-accessible-housing.pdf>

## True hinderance to housing industry productivity

There are considerable improvements in industry productivity—and therefore reduction in costs—in housing construction if—as according to the Australian Productivity Commission—industry and government get their house in order rather than focussing on inconsequential initial construction expenses. These savings would amply compensate for the approximately 1% increase in construction costs imposed by compliance with the Livable Housing Design Standard.

### **Productivity Commission 2025 Housing construction productivity; Can we fix it? Research paper<sup>37</sup>**

The research paper states:

There are a range of issues that have contributed to falling productivity in the housing construction sector:

**Complex, slow approvals** – working through the often-extensive development and construction approval process can mean that the timeline for major housing development projects, such as new housing estates and apartment complexes, can stretch to ten or more years. Often only a small part is time spent building. Even after approvals are granted, delays can continue as projects seek construction certificates and wait for essential infrastructure connections. Because construction is highly sequential, delays and disruptions can create ‘cascading failures’, which push up costs.

**Lack of innovation** – innovation activity and spending in the construction sector is low compared to other sectors. Only 35% of all construction firms are ‘innovation-active’ and the sector has been slow to take advantage of digital technologies and new processes like prefabrication. Low levels of innovation arise because of fragmentation, industry culture, lack of direct benefits to firms from innovation and the ‘chilling effect’ of frequent regulatory changes.

**Lack of scale** – the construction industry is one of the least concentrated in Australia. The combined market share of the largest four firms was just 12% in 2017, the lowest of any sector. The average residential building construction firm employs less than 2 people, much smaller than the average firm size in Australia. To some degree this appears to be a function of the development and building process and in particular the tendency to manage projects via subcontracting arrangements. But jurisdictional differences, in the way building standards are implemented, and planning is undertaken and regulated, may also reduce the capacity and appetite for successful firms to scale up.

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<sup>37</sup> <https://www.pc.gov.au/research/completed/housing-construction>

**Workforce issues** – the sector struggles to attract and retain some skilled workers. Reasons for this include stagnating apprenticeship commencements and completions, restrictive and inflexible training pathways for trades, and competition for labour from public infrastructure projects in recent years (at least for the higher-density housing sector). Shortages directly impact housing supply but can also impact productivity through not having the right skill mix. A range of regulatory settings contribute to low labour mobility, including inconsistent occupational licensing accreditation requirements across jurisdictions and limited pathways for migrants to join the construction workforce.

Livable Housing Design Standard compliance is currently required for all new residential dwellings in Queensland. Since there are no technical hinderances or new building techniques required for compliance the housing industry is getting on with what is now a business-as-usual situation.

Maintaining national consistency in housing construction will allow Queensland builders to better compete interstate as they will follow the same practices and procedures regardless of jurisdiction. Materials, fixtures and fittings are standardised, thus lowering procurement and construction costs. The Livable Housing Design Standard is part of this national consistency.

## Conclusion

For all the reasons listed previously in this submission Queensland should not opt out of the Livable Housing Design Standard.

Opting out of the Livable Housing Design Standard will do little if anything to reduce construction cost or improve industry productivity.

Minor savings at initial construction cannot compensate for the social and economic costs to the public and to government over the service life of a dwelling.

The Interim Report focusses too heavily on the cost to industry but too lightly on the value to society. Dwellings have service lives of many decades and house multiple residents during that time. Dwellings constructed to the Livable Housing Design Standard will better accommodate the needs of residents and their visitors during the dwelling's service life.