HIA Submission

Impact of 2025 Environment Protection Reforms

QUEENSLAND PRODUCTIVITY COMMISSION

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About HIA

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 170,000 new homes each year through the construction of new housing estates, detached homes, low and medium-density housing developments, apartment buildings and completing renovations on Australia's over 11 million existing homes.

HIA members comprise a diverse mix of businesses, including volume builders delivering thousands of new homes a year through to small and medium home builders delivering one or more custom built homes a year. From sole traders to multi-nationals, HIA members construct over 85 per cent of the nation's new building stock.

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into the manufacturing, supply and retail sectors.

Contributing over $100 billion per annum and accounting for 5.8 per cent of GDP, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, advocate for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

> *"promote policies and provide services which enhance our members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct."*

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population. New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The association operates offices in 22 centres around the nation providing a wide range of advocacy, business support services and products for members, including legal, technical, planning, workplace health and safety and business compliance advice, along with training services, contracts and stationery, industry awards for excellence, and member only discounts on goods and services.

Introduction

The Housing Industry Association (HIA) welcomes the opportunity to provide feedback relating to the Queensland Productivity Commission's inquiry into the impact of the Australian Government's 2025 reforms to the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

HIA has consistently supported reform of Australia's national environmental laws. This support for reform has never been based on opposition to environmental protection. Rather, it reflects a longstanding view that the existing EPBC Act has become increasingly complex, duplicative, costly, and uncertain while failing to adequately integrate environmental protection with broader land use planning systems.

For many years HIA members have experienced a regulatory system increasingly characterised by duplication, complexity, uncertainty, escalating costs and lengthy approval timeframes. The current framework frequently fails to provide certainty regarding where development can occur, creates significant conflict with decisions made by other levels of government and utility providers, and ultimately impacts the cost and availability of new housing.

Accordingly, HIA supports efforts to reform and modernise the EPBC Act. The challenge for this inquiry, however, is that many of the most significant elements of the reforms remain incomplete.

A substantial proportion of the new framework relies upon the implementation of National Environmental Standards, Protection Statements, guidance documents, bioregional plans, strategic assessments and bilateral agreements that have either not yet been finalised or are yet to be developed..

As a consequence, it remains difficult to fully assess the practical impacts of the reforms. Industry is being asked to understand and prepare for new concepts such as "unacceptable impacts" and new offset requirements such as demonstrating a "net gain", without sufficient implementation guidance or protection statements intended to support the new framework.

Many of the economic, productivity and regulatory impacts of the EPBC Act reforms therefore remain uncertain. This uncertainty is particularly significant for the housing sector because development decisions are made years in advance. Land acquisition, infrastructure planning and investment decisions require certainty. Uncertainty creates delay and adds cost and ultimately those costs are borne by future homeowners.

The Queensland Productivity Commission should therefore recognise that implementation risk remains one of the most significant issues associated with the reforms.

HIA's longstanding "Truth in Zoning" policy is founded on a simple principle: once government identifies land for residential development, the industry should be able to proceed with reasonable certainty that the major constraints affecting that land have already been identified. Increasingly, this simple principle is being undermined.

Environmental offsets, environmental approvals and broader natural hazard requirements are being imposed on land after governments have already decided that housing should occur on that same land. The result has been higher regulatory costs, reduced certainty and lower housing supply.

At a time when Queensland is seeking to deliver one million new homes by 2044, the Commission should carefully examine whether new homebuyers should be bearing the cost of achieving the Federal Government's vision of delivering a 'net gain' in environmental outcomes, particularly on land that other levels of governments have already determined should be used for housing.

1. Misalignment with strategic planning decisions

1.1 Impact on the delivery of new housing

The Federal Government's environmental reforms are being implemented at a time when Queensland is facing significant housing affordability and housing supply challenges. The Queensland Government has committed to delivering one million new homes by 2044. Achieving this target will require the timely identification of future growth areas, coordinated infrastructure delivery and sufficient certainty to support private investment in new communities.

HIA is concerned that environmental protection and strategic land use planning are becoming increasingly disconnected. Through regional plans, local planning schemes, structure plans and Priority Development Areas, governments determine where future housing growth should occur. These decisions are intended to balance environmental protection, infrastructure delivery, economic development and housing supply objectives.

Where land has been zoned for residential development, government has effectively determined that housing is the preferred future use of that land. However, environmental constraints and Commonwealth approval requirements are increasingly emerging years later through project-level assessment processes.

As a result, governments are effectively sending two different messages to the market. The first is that housing should occur. The second is that significant uncertainty remains regarding whether development can proceed and at what cost.

In HIA's view, this is not simply an environmental issue. It is a strategic planning issue. If environmental values are sufficiently important to constrain or prevent development, those matters should be identified before land is included within an urban footprint and rezoned for residential purposes and therefore relied upon to achieve future housing targets.

This issue is particularly relevant to the current review of the SEQ Regional Plan. As governments consider future locations for housing, there should be a responsibility for decision makers to also consider the impacts of the EPBC Act. Doing so would improve planning certainty and better align housing supply objectives with environmental outcomes.

Recommendations for Misalignment with Strategic Planning Decisions

HIA recommends:

1. **Review and quantify the extent of land zoned for residential purposes that is also mapped as potentially containing protected matters –** Local and State Governments should not be assuming theoretical housing capacity on land also mapped as potentially containing protected matters.
2. **Sign a bilateral agreement (or other suitable landscape approval) with the Commonwealth Government for existing and future growth areas –** Resolve issues with the duplicity of environment assessments by establishing appropriate landscape approvals.
3. **Ensure the review of SEQ Regional Plan considers protected matters under the EPBC Act –** Decisions about housing density and locations for growth should be determined factoring in protected matters mapping. New land should be identified for growth should insufficient unconstrained land be identified.

1.2 Impacts on local governments and utility providers

In addition to the impacts on the private sector and overall housing delivery, HIA has been advised of local governments and utility providers experiencing delays, uncertainty and additional costs associated with the delivery of housing-enabling infrastructure as a result of environmental approval requirements.

This is a significant productivity concern because housing supply cannot occur without supporting infrastructure. While environmental approvals are often discussed in the context of residential developments, delays affecting sewerage infrastructure, water infrastructure and road upgrades can impact the delivery of entire communities.

The Southern Thornlands Priority Development Area provides a useful example. The PDA has already been identified as a major future housing growth area. However, HIA understands that infrastructure required to support future development, including the proposed sewer pump station and associated discharge arrangements, will require EPBC Act approval.

Unlike residential developers, councils and utility providers often do not face the same commercial pressures associated with project delays such as holding costs. As a result, environmental investigations, infrastructure planning and approval processes can extend over long periods while housing delivery remains stalled waiting for infrastructure solutions.

If governments have already determined that housing should occur within a growth area, approval pathways for the infrastructure required to support that housing should be resolved at the same time rather than through separate and sequential assessment processes years later.

Recommendations for Misalignment with Strategic Planning Decisions
HIA recommends: 4. **Investigate a bilateral agreement for all council / utility provider delivered essential infrastructure –** The Queensland Government should take assessment responsibility for all council and utility provider delivered essential infrastructure. This would resolve some of the current duplicity in assessments.

2. Uncertainty in environmental obligations and outcomes

2.1 Environmental obligations often only determined late in development process

One of the most difficult aspects of the current EPBC Act framework is the inability of proponents to clearly understand their environmental obligations before making major investment decisions and acquiring new development sites.

Even where developers undertake extensive due diligence, environmental features protected under the EPBC Act are often not clearly identifiable at the point of land acquisition. The Protected Matters Search Tool performs an important screening function. However, it is not intended to provide property-level certainty regarding the presence or extent of protected matters and cannot reliably predict whether a future development proposal will ultimately trigger Commonwealth assessment requirements.

There are also concerns that protected matters are being mapped broadly without sufficient on-site verification processes as a precautionary measure.

As a result, the trigger for assessment as a controlled action, together with associated offset obligations and approval requirements, may only emerge during later stages of project planning and environmental assessment. By this stage:

- Land has often already been acquired;
- Holding costs are accruing;
- Development investigations have been undertaken;
- Infrastructure planning has commenced; and
- Significant capital has been committed.

This uncertainty creates risks that are difficult to quantify and often impossible to fully account for during site acquisition and project feasibility assessments.

2.2 Inconsistency in assessment outcomes under EPBC Act

A further concern raised by industry is the inconsistency in environmental assessment outcomes between sites with similar characteristics. HIA members have reported circumstances where adjoining or nearby sites have received materially different environmental assessment outcomes despite exhibiting similar environmental features and development characteristics. This creates uncertainty for landowners and undermines confidence in regulatory decision-making.

While site-specific factors will always influence assessment outcomes, proponents should be able to form a reasonable understanding of likely environmental obligations based on available environmental information and assessment methodologies.

Significant variation in outcomes between comparable sites creates uncertainty regarding future project costs, environmental liabilities and development feasibility.

One of the stated objectives of the environmental reforms is to improve certainty, consistency and transparency through initiatives such as bioregional planning, Environmental Information Australia, National Environmental Standards and Protection Statements.

HIA supports these objectives. However, based on information released to date, it remains unclear whether the reforms will materially improve the ability of proponents to understand their likely environmental obligations prior to land acquisition and investment decisions.

Recommendations for Uncertainty in Environmental Obligations
HIA recommends: 5. **The Queensland Government should continue work with the Commonwealth Government to establish bioregional plans and improved environmental mapping –** HIA has been supportive of the EPBC Act reforms aimed at improving environmental data. However, the information provided to date through draft bioregional plans or the Environmental Information Agency does not provide the level of certainty required to support land acquisition decisions. Protected Matters mapping should operate more like planning scheme overlays, allowing proponents to identity areas with obligations and those without before investment decisions are made.

3. Significant delays to the delivery of new homes

HIA members continue to report significant delays associated with Commonwealth environmental approvals. Examples provided to HIA indicate residential projects commonly spend between three to seven years progressing through environment assessment processes, excluding the time requirement to undertake consultant ecological investigations and technical studies before a referral can even be lodged.

During extended assessment periods, project proponents remain responsible for interest expenses, land management obligations, consultant costs and general project administration. Members report examples where holding costs exceed hundreds of thousands of dollars annually, while larger projects can incur carrying costs in excess of $1 million per year while approval processes remain unresolved.

Environmental approval processes are also becoming increasingly expensive. Examples provided to HIA indicate consultant costs commonly exceed several hundred thousand dollars for residential projects, with major projects reporting environmental assessment, planning, engineering and technical investigations costing several million dollars before final approval is secured.

HIA previously reported the experience of a residential project involving approximately 390 lots that experienced around two years of delay following a controlled action determination. The project incurred:

- holding costs exceeding $2.6 million;
- consultant costs exceeding $580,000;
- environmental offset land costs exceeding $2 million; and
- multiple changes to offset methodologies during the assessment process.

Total additional project costs exceeded $5.2 million, equating to more than $13,000 per lot before housing construction had even commenced. Importantly, these costs do not disappear. They become embedded within land prices and ultimately flow through to future homebuyers.

At a time when governments are actively seeking to improve housing affordability and increase housing supply, lengthy assessment timeframes and escalating compliance costs should remain a key focus of future reform.

4. Offsets acting as a significant tax on new homes

4.1 Current framework for environmental offsets under the EPBC Act

An increasingly common concern raised by HIA members in Queensland is the direct impact that environmental offset requirements are having on the price of new housing.

Environmental offsets are no longer a marginal development cost. For many projects, they represent a significant upfront expense that is ultimately passed directly to future homebuyers through higher land and housing prices.

HIA members have reported examples where environmental offset obligations alone are adding between $15,000 and $20,000 to the cost of individual residential lots. These costs arise before roads are delivered, sewerage infrastructure is installed, water infrastructure is constructed or homes are built.

Recent examples provided to HIA demonstrate the scale of offset obligations now being imposed on residential projects. Members report projects requiring several hundred hectares of offset land, often spread across multiple locations. Land acquisition costs for offset areas commonly exceed $40,000 per hectare before rehabilitation, monitoring, management and administration costs are considered.

In one example provided to HIA, the combined cost of offset land acquisition and rehabilitation is expected to exceed $15 million. In another example, environmental rehabilitation obligations associated with retained environmental areas are forecast to exceed $40 million.

In HIA's view these significant costs receive too little attention within broader discussions about housing affordability despite being directly incorporated into the final price paid by future homeowners.

4.2 New framework for offsets under the Environmental Protection Reforms

The reforms introduce two significant changes to the environmental offset framework that are likely to affect housing affordability and project feasibility which are:

- The Restoration Contributions Account; and
- The new standard for environmental offsets requires proponents to achieve a 'net gain'.

4.2.1 Restoration contributions account

The establishment of a Restoration Contributions Account allows proponents to satisfy offset requirements through a financial contribution rather than directly securing offset land. In principle, HIA supports this reform.

One of the most common frustrations raised by members is the difficulty and delay associated with identifying and securing suitable offset land. Providing proponents with the option of making a financial contribution has the potential to increase flexibility, reduce approval delays and avoid situations where projects stagnate simply because an appropriate offset site cannot be located.

However, significant uncertainty remains regarding how the account will operate in practice. At this time, the methodology for calculating restoration contributions has not been released. As a result, it remains unclear whether the contribution will provide a practical alternative to direct offsets or simply create another layer of cost.

HIA is also concerned by commentary suggesting restoration contributions may be deliberately priced at a level intended to encourage proponents to pursue direct offsets instead. If this approach is adopted, it risks undermining one of the key benefits of the reform.

The Restoration Contributions Account should provide a genuine alternative pathway where direct offsets are difficult, impractical or uneconomic to deliver. If the contribution is set at a punitive level, the underlying problems associated with offset land scarcity and project delays will remain unresolved.

4.2.2 Requiring a 'Net Gain' in environmental offsets

Another significant change is the introduction of the environmental offset standards which require proponents to now demonstrate a 'net gain' outcome.

While this requirement sits at the centre of the Environmental Offsets Standard and broader reform package, it remains unclear how it will operate in practice.

The Policy Position Paper provided by the DCCEEW indicates a 'net gain' will be assessed on a case-by-case basis and must demonstrate a measurable improvement when compared to an agreed baseline. However, the methodology for determining this agreed baseline remains uncertain.

A key issue is that the baseline is described as not only as the condition of the environment at the time of approval, but also by reference to the expected future condition of the environment without intervention. This requires assumptions about how environmental values may change over time and introduces a significant level of modelling, forecasting and expert judgement into the assessment process.

In HIA's view, industry is currently unable to quantify what demonstrating a net gain outcome will mean in practice, how it will be measured, or what additional costs it is likely to impose on housing projects. This uncertainty is particularly concerning given that net gain forms a central part of the proposed offset framework.

A more fundamental concern for HIA is that the concept of an environmental net gain means new homebuyers are required to pay not only for the impacts of their home, but also for improvements to the broader environment. HIA notes that it is unreasonable to force purchasers of new homes to fund the government's wider aspirations for environmental restoration and enhancement during a housing affordability crisis.

Environmental protection and conservation are important public policy objectives that deliver benefits to the broader community. However, where governments seek environmental outcomes that extend beyond mitigating the direct impacts of development, there is a strong argument that the costs should be shared more broadly across the community rather than being disproportionately imposed on new housing.

At a time when governments are actively seeking to improve housing affordability and increase housing supply, there is a strong case for examining whether net gain requirements and the associated offset frameworks are imposing a disproportionate burden on new homebuyers and placing home ownership further out of reach for many Australian households.

Recommendations for Offsets acting as a tax on new housing
HIA recommends: 6. **The Queensland Government's current review of Environmental Offsets –** The current review of the Environmental Offsets should recognise the significant cost burden resulting from the EPBC Act and the Queensland offsets framework should not apply to land zoned for residential development.

5. Additional costs for timber industry impacts home prices

The timber industry has raised significant concerns regarding the Environment Protection Reforms, particularly the removal of the current exemption from EPBC Act requirements for forestry operations undertaken within Regional Forest Agreements (RFAs).

This issue is also of direct relevance to housing affordability. Timber remains one of the most important building materials used in Australia's residential construction sector. Consequently, additional compliance costs, delays or regulatory uncertainty affecting forestry operations will inevitably flow through to the cost of delivering new housing.

Unlike New South Wales and Tasmania, logging in Queensland's state-owned forest does not operate under a Regional Forest Agreement. As a result, Queensland's forestry sector will be among the first to operate under the new environmental framework, with the broader reforms expected to commence from 1 December 2026. The removal of the RFA exemption from 1 July 2027 will then extend similar regulatory requirements across other jurisdictions.

HIA is concerned that additional environmental assessment requirements, approval processes and compliance obligations will increase the cost of plantation establishment, harvesting activities and timber production. While these costs are initially borne by forestry businesses, they will ultimately be passed through supply chains in the form of higher building material costs and increased residential construction costs.

At a time when governments are actively seeking to improve housing affordability and increase housing supply, implementation of the reforms should prioritise minimising unnecessary compliance costs for forestry businesses. The Commission should therefore consider not only the direct impacts on the timber industry, but also the cumulative impacts on building costs, housing supply and housing affordability.

Recommendations for Additional costs for the timber industry impacts home prices
HIA recommends: 7. **Prioritise establishing a landscape approval for forestry areas –** Noting that Queensland does not have Regional Forest Agreement, the Queensland Government should prioritise a landscape approval to reduce additional compliance costs for Queensland's timber industry.

Conclusion

HIA remains concerned that many of the most significant elements of the Environment Protection Reforms are yet to be fully resolved.

While the reforms have the potential to deliver benefits for the housing sector through improved environmental information, bioregional planning, strategic assessments and streamlined approvals, many of these outcomes remain dependent on implementation measures that are still under development.

At present, industry is unable to fully understand the practical implications of key reforms, including the operation of Protection Statements, Restoration Contributions Accounts, environmental net gain requirements and the broader application of the National Environmental Standards.

The reforms will ultimately be judged not by their intent, but by whether they improve certainty, reduce duplication, provide more consistent assessment outcomes and avoid unnecessarily increasing the cost of delivering new housing and supporting infrastructure.

HIA appreciates the opportunity to contribute to this inquiry and remains available to discuss the issues and recommendations outlined in this submission with the Queensland Productivity Commission.