The Premier State

NSW 2025-26 Pre-Budget submission

December 2024

Contents

Introduction and executive summary

The NSW Division of the Property Council of Australia is pleased to present our submission to the 2025-26 NSW Budget process, which details evidence-based recommendations to ensure NSW maintains its nation-leading position.

As Australia's peak representative of the property and construction industry, which employs more Australians than any other sector, the Property Council's members include investors, owners, managers and developers of property across all asset classes across NSW.

Home to almost a third of Australia's population and the powerhouse of the nation's economy, NSW offers unmatched opportunity for business and growth. A sustainable future where everyone can share in this prosperity, including our regions, is at the heart of our advocacy.

The Minns NSW Government's second year has been defined by welcome planning reform and further commitment to ambitious housing targets under the National Housing Accord. Reform highlights include the establishment of the Housing Taskforce and Housing Delivery Authority, the State Significant Rezoning Policy, new State Significant Development pathways for in-fill affordable housing and other residential developments, and the finalisation of the Transport Oriented Development Accelerated Precincts' master planning and rezoning.

The continued housing shortage means that we have retained a strong emphasis on the supply, diversity and affordability of homes. NSW will now be required to build around 87,000 new homes each year until 2029 to meet the 377,000 homes required to meet our National Housing Accord targets — more than double the current delivery projections — the scale of this task is not underestimated by our industry.

With Sydney adding only 21,214 new dwellings in 2024,[1] this submission outlines the policy reforms and funding required to give NSW the best possible chance of meeting our National Housing Accord targets.

With a supply deficit of social, key worker and at-market housing across the country, a more strategic and accountable system for delivering the housing Australians need is required, and the supply of in-fill, brownfield and greenfield land remains the most important factor in driving down purchasing and rental costs.

Our submission also highlights the need to accelerate planning and tax reform to boost economic activity and create jobs. This includes ensuring that we also address the chronic industrial land supply shortage, as well as maintaining a strong public infrastructure pipeline and vibrant city centres.

Both NSW residents and the building and construction sector remain under pressure. Cost-of-living pressures, labour shortages and challenges associated with supply chains and construction costs are ongoing. As the NSW fiscal outlook remains largely unchanged since the 2024-25 Budget, there needs to be balanced and considered investment to accommodate the projected population of NSW reaching 10 million two years earlier than previously expected — by 2041.

We look forward to working in partnership with the NSW Government to implement these critical measures and deliver long-term benefits for our state.

1 Greater Sydney Urban Development Program Dashboard, Latest 12 month – year to June 2024, Net Completions, Microsoft Power BI.

Recommendations summary

Policy priority	Recommendations	
01 Unlocking new housing supply across NSW	1.1 **Resource new residential SSD assessment pathways**	Investment
	1.2 **Increase flexibility in the administration of affordable housing contributions**	Policy reform
	1.3 **Work with industry to deliver the Government's social housing program**	Investment
	1.4 **Ensure the application of building and rental laws aligns with the unique characteristics of purpose-built student accommodation**	Policy reform
	1.5 **Invest in infrastructure to unblock development approvals and speed up the delivery of housing**	Investment

Key: **Investment** **Policy reform**

Policy priority	Recommendations	
02 Maintaining NSW as an investment destination	2.1 **Deliver sustainable and efficient tax reform to reduce the cost base for development across NSW**	Policy reform
	2.2 **Prioritise infrastructure investment to support employment and industrial land supply**	Investment
	2.3 **Complete infrastructure contributions reform, including changes to local infrastructure contributions to reduce barriers to feasibility**	Policy reform
	2.4 **Rule out further use of value capture mechanisms for transport projects**	Investment
	2.5 **Develop an equitable, fair and fit-for-purpose Emergency Services Levy model**	Investment
	2.6 **Establish a NSW Government position on precinct governance to deliver placemaking outcomes**	Policy reform
	2.7 **Develop a strategic plan for innovation districts in NSW**	Policy reform
	2.8 **Maintain momentum in vibrancy reforms and commit to Community Improvement Districts**	Investment
03 Improving certainty and timeliness in the planning and regulatory system	3.1 **Complete building reforms with sufficient input from industry consultation**	Policy reform
	3.2 **Sustain resourcing of Building Commission NSW, with a focus on data collection, upskilling workforce capability and digitisation**	Investment
	3.3 **Invest in the initial introduction of a Decennial Liability Insurance market before policy changes are enacted**	Investment
	3.4 **Streamline agency approvals**	Policy reform
	3.5 **Refine and extend resourcing of the State Significant Rezoning Policy**	Investment

Key: **Investment** **Policy reform**

Policy priority	Recommendations	
04 Supporting industry leadership to deliver a net-zero built environment	**4.1 Establish a Net Zero Industry and Innovation Investment Plan for the development industry**	Policy reform
	4.2 Invest in climate resilient development	Investment
	4.3 Commit to achieving zero-carbon-ready new and existing government-owned and leased buildings by 2030	Investment
05 Investing in growing regions **Hunter, Central Coast, Illawarra and Western Sydney**	**5.1 Reinstate the Newcastle Mines Grouting Fund to support housing delivery and economic growth across the city**	Investment
	5.2 Support the delivery of the Broadmeadow Place Strategy and the Broadmeadow Regionally Significant Growth Area	Investment
	5.3 Unlock housing and industrial land supply in the Hunter region by investing in critical infrastructure	Investment
	5.4 Support the economic expansion of the Illawarra Shoalhaven region, with a focus on Port Kembla, the Wollongong CBD and key health precincts	Policy reform
	5.5 Provide funding for the Illawarra Sports and Entertainment Precinct, Nowra Riverfront Precinct and Regional Tourism Strategy	Investment
	5.6 Provide funding for increased transport services and infrastructure to improve connections within the Illawarra Shoalhaven and to Greater Sydney	Investment
	5.7 Upgrade Fifteenth Avenue to support new homes and Western Sydney Airport connectivity	Investment
	5.8 Provide immediate funding for bus services connecting the existing public transport network to Wilton, Bradfield, Mamre Road and Western Sydney Airport	Investment
	5.9 Support a "go big" approach to supporting the growth of South Western Sydney	Investment

Key: **Investment** **Policy reform**

Section 01

Unlocking new housing supply across NSW

Recommendations

1.1	**Resource new residential SSD assessment pathways**	Investment
1.2	**Increase flexibility in the administration of affordable housing contributions**	Investment
1.3	**Work with industry to deliver the Government's social housing program**	Investment
1.4	**Ensure the application of building and rental laws aligns with the unique characteristics of purpose-built student accommodation**	Investment
1.5	**Invest in infrastructure to unblock development approvals and speed up the delivery of housing**	Policy reform

Key: **Investment** **Policy reform**

The 2024-25 NSW Budget provided $5.1 billion to build 8,400 social homes and over $1 billion investment to deliver major reforms to the planning system. Since the release of the Budget, the NSW Government has delivered a range of landmark planning reforms, including establishing the new Housing Taskforce and Housing Delivery Authority and introducing the State Significant Rezoning Policy and new State Significant Development pathways to fast-track residential development.

While these changes represent a welcome step forward, further work is needed to maintain and grow a diverse housing supply pipeline.

1.1 Resource new residential SSD assessment pathways

The implementation of the Transport Oriented Development (TOD) program, in-fill social and affordable housing bonus provisions and the introduction of the Housing Delivery Authority will increase the number of applications going through the State Significant Development (SSD) assessment process. Additional assessment resources are needed to ensure the planning system can respond effectively and efficiently to the new wave of development applications envisaged under these new initiatives.

Temporary SSD pathways have been introduced to accelerate housing approvals for some housing reform initiatives. While the Property Council welcomed these changes, there is a potential risk of a larger number of applications being rushed into the system in the leadup to the closure of temporary SSD pathways. Projects of a larger scale involve a higher level of planning and preparation work that is likely to require a longer period of pre-lodgement activity. The NSW Government should make the SSD pathway for residential developments valued at over $60 million in Greater Sydney and $30 million in regional NSW permanent to allow for large-scale housing developments to access a more accelerated planning pathway. If any future changes to eligibility and capital investment value thresholds are proposed, they should be considered as part of a periodic statewide review.

Alongside these changes, the Property Council recommends the NSW Government continue to prioritise the recruitment of staff in assessment roles within the Department of Planning, Housing and Infrastructure (DPHI) to manage the intended influx of additional SSD applications. The funding should be aligned to the National Housing Accord period, and be attached to the TOD program, the in-fill affordable housing bonus scheme and the Housing Delivery Authority.

To complement this approach, the NSW Government should establish a panel of planning consultants that DPHI or local councils could use as a surge assessment resource. It is critical that these efficiency and resourcing improvements are delivered through the 2025-26 NSW Budget to assist the state in meeting its National Housing Accord targets.

1.2 Increase flexibility in the administration of affordable housing contributions

Affordable housing is an important part of the housing equation in NSW and there has been significant progress in encouraging developers to build more affordable homes. The Property Council calls for greater flexibility in how affordable housing contributions are delivered in priority areas such as the TOD Accelerated Precincts and the reintroduction of the option to use the existing SSD pathway for in-fill affordable housing to provide greater optionality to maximise the delivery of affordable housing in these areas. The NSW Government should provide greater clarity about whether developers are allowed to provide in-kind contributions of cash or stock in perpetuity.

Under the NSW Government's affordable housing incentives, affordable housing within private developments needs to be retained and managed by registered community housing providers (CHPs) for a minimum of 15 years. This approach risks precluding the emergence of new providers in the affordable housing market. As is the case in other jurisdictions, the Property Council recommends the NSW Government enables build-to-rent (BTR) operators to administer the operation of affordable rental housing to promote economies of scale and equal access to communal facilities. This change would require the affordable rental housing stock to continue to be offered to market according to the income eligibility and discount market rate requirements imposed on CHPs.

1.3 Work with industry to deliver the Government's social housing program

The 2024-25 Budget invested a record $5.1 billion in social housing, which will fund 8,400 social homes. This major investment will impact affordable housing and create new opportunities for communities and the property industry.

The NSW Government should work with industry to maximise the social and economic performance of its housing portfolio— including for essential workers and those at risk of homelessness and do it at scale. We recommend bringing together the community housing sector, development industry, institutional investors and all levels of government to deliver accommodation that meets a diverse range of needs and collaborate to overcome potential delivery barriers.

1.4 Ensure the application of building and rental laws aligns with the unique characteristics of purpose-built student accommodation

Purpose-built student accommodation (PBSA) is a unique asset class that provides critical housing for student-only residents. It is particularly popular with international students and provides safe, professionally managed accommodation that directly absorbs demand from the broader residential rental market.

Despite being the largest landlords in the state governed by the *Residential Tenancies Act 2010*, the sector's unique operations have not been taken into account by recent amendments to the Act. Recent changes have significantly hampered the ability for operators to understand how many beds they will have available in their buildings in time to align their booking period with university semesters. Further issues regarding break-leases, pet ownership and bond lodgement continue to hamper the growth of this critical housing class. PBSA should be explicitly defined within the Act to allow exemptions for legislative elements that significantly constrain the operations of student accommodation.

Like hotels and motels, rooms in PBSA buildings are small with large communal areas, which do not lend themselves to be re-purposed into residential dwellings. As Building Commission NSW considers the recommendations from the *Review into the Design and Building Practitioners Act 2020 (DBP Act)* and the *Residential Apartment Buildings (Compliance and Enforcement Powers) Act 2020*, we recommend that PBSA buildings be exempted from the requirements of the DBP Act.

1.5 Invest in infrastructure to unblock development approvals and speed up the delivery of housing

A well-funded infrastructure pipeline will provide industry with greater confidence to deliver the housing supply NSW needs to meet its National Housing Accord targets. There are a range of options that the NSW Government can consider, which should leverage the Australian Government's $900 million productivity fund and additional federal funding streams as the details are made public.

In addition, works-in-kind agreements where developers can dedicate land or works for regional infrastructure must continue. Where a developer undertakes works in kind on behalf of a council and obtains a credit against future development, those credits should be tradeable with other developers contributing to the delivery of state infrastructure. This will ensure the vital nexus between location-based charging and investment is maintained in line with the Productivity Commission's recommendation.

Since 2020, the Accelerated Infrastructure Fund has provided $437 million to support the delivery of community infrastructure, including local roads, stormwater infrastructure and public open space projects to unlock plans for the development of new homes and employment lands. Funding for these projects were matched by councils. To provide certainty to the development industry, it is critical that this funding stream is continued in 2025-26.

The Low Cost Loans Initiative was established to assist councils with partially funding interest paid on borrowing related to infrastructure expenditure. To date, some $21.1 million has been provided to this initiative to kick start nearly $571 million worth of investment in essential infrastructure projects to support housing delivery. The 2025-26 Budget should include a funding allocation to support high-growth areas across the state, particularly Western Sydney, Central Coast and the Illawarra Shoalhaven region.

Section 02

Maintaining NSW as an investment destination

Recommendations

2.1	**Deliver sustainable and efficient tax reform to reduce the cost base for development across NSW**	Investment
2.2	**Prioritise infrastructure investment to support employment and industrial land supply**	Investment
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2.6	**Establish a NSW Government position on precinct governance to deliver placemaking outcomes**	Investment
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2.8	**Maintain momentum in vibrancy reforms and commit to Community Improvement Districts**	Policy reform

Key: **Investment** **Policy reform**

NSW is well-positioned nationally, fuelled by its growing population and thriving industries, and continues to attract skilled workers through both international and domestic migration. However, ensuring sustained productivity and economic resilience is not guaranteed.

While office occupancy in our CBDs is gradually returning to pre-pandemic levels, Greater Sydney is facing a shortage of serviced industrial land, and current tax policies are hindering investment in the state. These supply chain challenges are impacting industry's ability to meet housing demands at this critical time.

2.1 Deliver sustainable and efficient tax reform to reduce the cost base for development across NSW

Property taxes are a principal source of revenue for the NSW Government, accounting for nearly half of the NSW Government's $45.8 billion tax and royalty revenue in 2022-23. An overreliance of the NSW Government on property taxes a key risk for the NSW Government in pursuing fiscal repair.

With 2024 research from the Property Council and global real estate firm Savills estimating that government taxes and charges account for at least 25 per cent of the cost of development across metropolitan NSW, industry is finding it increasingly difficult to make developments stack up.

More mum and dad investors are subject to land taxes than ever before with the 2024-25 Budget removing indexation of the NSW land tax threshold.

NSW also has the highest level of foreign investor surcharges of any state in the country. From 2025, the NSW Government also increased the foreign investor surcharge from 8 to 9 per cent, and the foreign owner land tax surcharge from 4 to 5 per cent. Industry is finding it hard enough to secure capital without increasing the cost of foreign investment – it makes NSW a less competitive state from a tax perspective, and it will not create the investment climate we need to deliver more homes than ever before.

In the first instance, the NSW Government must undertake a review of the current foreign surcharge and tax regime. Retirement Living as an asset class remains ineligible for developer concessions and a simple adjustment would ensure investment into purpose-built seniors housing does not incur a competitive disadvantage.

Taxes, fees and charges should be set at a level that supports access to capital and development feasibility, while creating broader public value and social outcomes. A holistic review of stamp duty, land tax, foreign duty surcharges and other transaction taxes as they impact both the end consumer, and the property industry would identify changes that would deliver a more balanced and diversified taxation system across the economy.

2.2 Prioritise infrastructure investment to support employment and industrial land supply

Sydney's remaining serviced industrial land is running out fast and there is, at best, around one year's supply left in Greater Sydney (Atlas Economics 2024). With industrial vacancy currently at less than 0.5 per cent, the chronic shortage of zoned and serviced employment lands is constricting the performance of Sydney's industrial and logistics sector, which contributes $18 billion to the state's economy. This comes at a time when development at the Aerotropolis has stalled due to shifting goal posts and escalating contributions at Mamre Road.

Population and economic growth will cause demand for industrial land to continue growing, and a high-performance supply chain will drive improved economic productivity. The Property Council is calling on the NSW Government to carefully consider the Productivity and Equality Commissioner's recommendation in the *Review of housing supply challenges and policy options for NSW* to make all urban industrial land 'review and manage'. A more proactive, evidence-based approach in articulating and planning the role that different industrial precincts play across Sydney is needed. NSW would benefit from implementing a strategic land supply policy, which considers the critical role that industrial lands play in how cities function and support the construction sector.

2.3 Complete infrastructure contributions reform, including changes to local infrastructure contributions to remove barriers to feasibility

The NSW Productivity Commission's 2020 *Final Report of the Review of Infrastructure Contributions in NSW* found the infrastructure contributions system at the time was not supporting efficient and timely delivery of infrastructure to support growth.

The Property Council broadly supports the recommendations from the 2020 review. However, to date, the NSW Government has only delivered on reforms with additional costs, and not those that proposed savings. Without committing to progress all 29 recommendations from the 2020 review, there is a risk that industry will be saddled with new taxes that increase the cost of housing without delivering the $12 billion in benefits to both government and the private sector promised under the full package of changes.

We are calling for the NSW Government to release the full suite of reforms as proposed, having regard to the importance of housing delivery at the state and federal level. Industry stakeholders need to be appropriately consulted about the costs that will be incurred because of any future changes to the infrastructure contributions framework.

2.4 Rule out further use of value capture mechanisms for transport projects

Under the Housing and Productivity Contribution (HPC) scheme, a mechanism can be established through the creation of a Transport Project Component (TPC) charge. The Property Council understands this mechanism will allow developers to contribute to the cost of a new public transport project, over and above the HPC base rate and be based on capacity to pay.

While industry has been supportive of the HPC, using the TPC would represent a severe break in faith for industry participants who have made purchasing decisions on the existing local, state and affordable housing contributions.

2.5 Develop an equitable, fair and fit-for-purpose Emergency Services Levy model

The NSW Government has committed to reforming the Emergency Services funding model. In their consultation paper the government has proposed shifting the current levy on insurance to a levy on property.

Reform is necessary but the NSW Government has failed to consider all funding options in their proposal to date and risks designing an Emergency Services Levy model that is not equitable and inflicts another charge on the property sector that already contributes 18 per cent of Australia's tax revenue.

If reform is to proceed, we encourage the NSW Government to investigate an alternative funding model that recognises Fire and Rescue NSW, The NSW Rural Fire Service and the NSW State Emergency Service as a core function of government that should be funded like other core functions, defence, education and welfare.

If this is not achievable, the Property Council must ensure a property-based levy is designed considering the following key principles:

- all property – mobile and immobile – is captured, including motor vehicles given they significantly benefit from the functions of emergency services,
- it is apportioned in a way that recognises risk,
- current contributions must not increase in real terms,
- it is calculated on unimproved land values,
- levies can be passed onto tenants.

2.6 Establish a NSW Government position on precinct governance to deliver placemaking outcomes

Currently, there is not a coordinated policy approach to precincts in NSW, with unclear Ministerial accountability, a lack of fit-for-purpose governance structures and no overarching strategic framework across NSW.

The NSW Government's commitment to economic transformation and creating vibrant and sustainable communities, will rely on thriving precincts that act as catalysts for innovation and job creation.

The Property Council's 2024 report, *Precinct Collaboration: A roadmap for achieving greater economic and community benefit*, provides industry-driven recommendations to support precinct development. The NSW Government should consider these recommendations to inform the establishment of a clearer position of its role in precinct development, enablement and governance.

2.7 Develop a strategic plan for innovation districts in NSW

NSW is home to world-class innovation districts, with more exciting opportunities to drive domestic and international investment into the sector being brought online in the coming years.

Sydney has several co-located university and hospital precincts that have leveraged each other in this innovation district model. However, it has become apparent that there is a need for greater coordination between these locations as they compete for similar investment and tenants.

Implementing a framework that identifies and distinguishes the unique value proposition of each innovation district will better support collective success. Sydney can position itself as a leader in the innovation space; technology, cyber, space and medicine, with a cohesive narrative to tell international investors and businesses looking at where to enter the Asia-Pacific market.

South Australia has understood this principle and developed their Innovation Places Framework and Strategy. It is critical the NSW Government does not fall behind by failing to provide a strategic plan for innovation districts that sends the right signal to the market.

2.8 Maintain momentum in vibrancy reforms and commit to Community Improvement Districts

In the 2024-25 Budget, the NSW Government allocated $1.66 billion to creative communities, tourism and nightlife. Reforms have included the establishment of a new Department of Creative Industries, Tourism, Hospitality and Sport, a new visitor economy strategy for Destination NSW, and vibrancy reforms spearheaded by the 24-Hour Commissioner.

Encouraging communities to participate and experience more places is key to reinvigorating the commercial success and viability of our built environment. As our cities continue their sustained recovery from the COVID-19 pandemic, new opportunities such as Sydney Metro have driven greater connectivity across the city.

A renewed focus on the 24-hour economy will be felt beyond our cultural and hospitality sectors, generating better amenity for the healthcare, emergency service and transport workforces that service our cities. Special Entertainment Precincts being rolled out across the state after a successful pilot will further invigorate our commercial centres.

The Property Council were encouraged by the draft Community Improvement District (CID) legislation and concurrent pilot program. NSW can harness this international model for precinct revitalisation and apply it to our current regulatory framework. We encourage the NSW Government to continue engaging with industry to develop a model for CID that recognises the important role businesses play in driving their success. Done successfully, CIDs offer a valuable approach to enhancing local economies and creating vibrant communities.

Section 03

Improving certainty and timeliness in the planning and regulatory system

Recommendations

3.1	**Complete building reforms with sufficient input from industry consultation**	Investment
3.2	**Sustain resourcing of Building Commission NSW, with a focus on data collection, upskilling workforce capability and digitisation**	Investment
3.3	**Invest in the initial introduction of a Decennial Liability Insurance market before policy changes are enacted**	Policy reform
3.4	**Streamline agency approvals**	Policy reform
3.5	**Refine and extend resourcing of the State Significant Rezoning Policy**	Policy reform

Key: **Investment** **Policy reform**

The 2024-25 NSW Budget provided over $750 million investment in speeding up the planning system and incentivising councils to meet and exceed their housing targets. Since the release of the Budget, the NSW Government has delivered a range of landmark planning reforms, including the establishment of the Housing Taskforce and Housing Delivery Authority, the State Significant Rezoning Policy, new State Significant Development pathways for in-fill affordable housing and other residential developments.

The NSW Government has also embarked on a significant reform program to reduce red tape and restore consumer confidence in the building and construction sector. This work has been championed by Building Commission NSW, which received $35 million investment in the 2024-25 Budget to increase their regulatory mandate to improve building standards across the state.

The recommendations in this chapter seek to build on existing improvements and capitalise on the potential of the state's planning and building reforms.

3.1 Complete building reforms with sufficient input from industry consultation

The NSW Government is aiming to deliver once-in a generation reforms to the regulation of the building and construction industry. The Property Council broadly supports the intent of these reforms to restore consumer confidence in the industry.

Consolidating ten Acts that regulate the sector is a necessary step to remove overly burdensome compliance administration, unnecessary duplication and overlapping regulations. However, this needs to be carefully balanced against the risk of creating further complexity and confusion about how different legislative instruments will interact with each other. Given the extensive nature of the changes, a staged commencement of any reforms should be considered to ensure that industry is given appropriate lead times to consider and implement changing requirements.

Industry welcomed the establishment of the NSW Building Reforms Industry Reference Group, and we recommend that this group remains operational to see through the drafting and enactment of any new laws and regulations, and that sufficient time is provided in the policy development process to ensure success. Consultation with industry will be pivotal to the successful implementation of the proposed building reforms.

3.2 Sustain resourcing of Building Commission NSW, with a focus on data collection, upskilling workforce capability and digitisation

The 2024-25 Budget invested $35 million into Building Commission NSW to increase their regulatory mandate to improve building standards across the state, focusing on proactive regulation and data-driven improvements to reduce costs and increase the value of built products. The stand-alone regulatory body has supported holistic reform and provides regulatory certainty to industry through transparent policy creation.

The NSW Government must continue to sufficiently resource the Building Commission, noting the cost savings that improved oversight can provide to industry, consumers and the wider economy by:

- reducing compliance costs by removing red tape
- improving consumer confidence in the sector and increase value of built product
- reducing building rectification orders and disputes
- improving workforce capability and capacity to release pressure from supply chain
- reducing risk perception for finance and insurance.

3.3 Invest in the initial introduction of a Decennial Liability Insurance market before policy changes are enacted

We understand the NSW Government intends for Decennial Liability Insurance (DLI) to become the default consumer protection mechanism for Class 2 buildings in the medium to long-term. The draft Building Bill 2024 outlined further details of how DLI will operate, providing foundational regulation to support the growth of the DLI market.

It is important that the NSW Government only seeks to incentivise uptake of this insurance product when there are multiple, competitive providers and when the product provides the correct coverage in line with consumer expectations.

In 2023, the Property Council responded to the Regulatory Impact Statement (RIS) outlining the proposed model and requirements of mandated DLI in NSW. At the time of this consultation, the only DLI product in the market did not meet the coverage requirements outlined in the RIS. Our two key concerns regarding market maturity and consistency of coverage remain relevant.

Overseas DLI markets demonstrate that the price of premiums increases significantly with the additional coverage of certain building elements. If the local DLI product follows the same model, it will be crucial that price modelling considers how providers will process these additional elements in the premium.

3.4 Streamline agency approvals

The Property Council welcomes the introduction of the Housing Taskforce to clear the backlog of residential development applications by resolving issues with referral agencies that have held up decision-making. There is an opportunity to consider further options to remove concurrence and referral requirements or shorten their turnaround timeframes.

For example, in some cases, referrals to emergency services such as the Rural Fire Service or the State Emergency Service occur both at the planning proposal and development application stage. This duplication of referrals needs to be reviewed by the NSW Government, with the objective of promoting a level of careful and thorough pre-planning at the planning proposal stage with an ultimate design to minimise further agency referrals where an application meets the objectives of a relevant development control.

While the Housing Taskforce is a positive step forward for clearing the backlog of planning applications stuck in the system, there is considerable scope for further reform to reduce prolonged concurrence and referral assessment timeframes. This also extends to after a development application is approved, noting the number of developments that obtain approval but are yet to commence due to post-consent matters. Identifying these hurdles through practical case study analysis, will provide government with the areas in need of addressing.

The NSW Government can improve on post-consent matters, by simplifying the design modification process. However, a number of these stagnant developments are due to issues in feasibility and financing, which can be more complicated to solve.

As identified in the Productivity and Equality Commissioner's *Review of housing supply challenges and policy options for NSW*, the NSW Government should consider establishing a model like the Queensland Government's State Assessment and Referral Agency, which remains the best practice across Australian jurisdictions. Any initiatives to improve the coordination of and speed at which agency referrals are completed need to be adequately resourced to accommodate the influx of applications coming through the approval pathways established by the NSW Government to accelerate housing supply.

3.5 Refine and extend resourcing of the State Significant Rezoning Policy

The Property Council welcomed the introduction of the State Significant Rezoning Policy to help streamline the planning efforts of local councils and DPHI, potentially cutting rezoning timeframes by up to 200 working days.

To effectively deliver on the intent of this policy, the Property Council recommends that DPHI identifies potential sites for consideration against the policy's assessment criteria quarterly instead of twice a year. We also recommend that the benchmark timeframes for the State-assessed rezoning process is reduced from 60 working days to 40 working dates, and that the target timeframes for the State-led rezoning process should be reduced from 180 working days to 120 working days.

DPHI must also prioritise the recruitment of staff in planning proposal assessment roles to manage the number of applications considered under this new policy.

Section 04

Supporting industry leadership to deliver a net-zero built environment

Recommendations

4.1	**Establish a Net Zero Industry and Innovation Investment Plan for the development industry**	Policy reform
4.2	**Invest in climate resilient development**	Investment
4.3	**Commit to achieving zero-carbon-ready new and existing government-owned and leased buildings by 2030**	Investment

Key: **Investment** **Policy reform**

While the property sector has played a key role in developing new homes and offices, much of the built environment in NSW is already established, ageing, and in need of renovation and renewal. Without strong government leadership and support, communities risk living in substandard homes and working in inefficient offices and factories that are ill-equipped for future demands. This could result in higher household costs and greater emissions due to poorly performing buildings.

Continued investment in enhancing climate resilience in the property industry is essential. Successful decarbonisation of the built environment requires strong partnerships between industry and all levels of government across the entire development planning, delivery and operational pipeline. There needs to be clear policy leadership from the NSW Government, followed by initiatives to drive the transition to high-performance buildings and efforts to build resilience in communities most vulnerable to climate change impacts.

4.1 Establish a Net Zero Industry and Innovation Investment Plan for the development industry

The NSW Government has committed to intermediate emissions reduction targets before reaching Net Zero by 2050. With the right government incentives and policy reform in place, decarbonisation of the property sector would help NSW achieve a significant proportion of these targets.

The *Net Zero Industry and Innovation Investment Plan* is the state's first industrial emissions reduction plan with a focus on supporting manufacturing and mining sectors to cut emissions and boost resilience.

The NSW Government should expand this model to the property sector to provide a holistic framework for the various aspects of the industry that could be decarbonised, including planning controls, financing, procurement and operations. The Property Council's members are already paving the way with best practice processes for decarbonisation in their portfolio. However, we cannot afford for small to medium sized organisations to be left behind. Decarbonising the entire property sector will require investment and incentives, which could include expedited planning pathways, tax concessions or other bonuses for developments that meet certain criteria.

4.2 Invest in climate resilient development

As Australia's largest economic contributor, the property sector plays a critical role in planning for and improving built form resilience across our residential, industrial and commercial assets.

Our approach to resilience is outlined in the principles below:

Resilience in our planning system:

- NSW should adopt any resilience standards for new and old buildings that are embedded in the National Construction Code.
- Apply the 100 Resilient Cities framework to the strategic planning of all significant urban centres in the state.

A Long-Term Strategy for Climate Resilient Buildings:

- As outlined in Every Building Counts, a long-term strategy for climate resilient buildings is needed to adapt to acute shocks and long-term stresses from climate change. The plan should include a range of measures establishing best practice technical requirements for building construction to ensure occupant safety and preserve buildings, where appropriate and cost effective, in the face of a changing climate.

Just transition to resilient buildings:

- The NSW Government needs to invest in preparing vulnerable and low-income communities for the impact of a changing climate. This can be achieved by improving the accessibility and affordability of high efficiency, high performance, all electric homes with integrated solar power systems and electric vehicle management.

4.3 Commit to achieving zero-carbon-ready new and existing government-owned and leased buildings by 2030

The NSW Government should follow the Australian Government's lead and commit to a trajectory of performance improvements for all government owned and leased properties over time, with the aim of achieving zero carbon ready new and existing buildings by 2030. This should cover all asset types, including social housing, office buildings, schools, hospitals and industrial facilities. Measures could include strong minimum standards for new buildings and fit-outs, targets for energy efficiency and requirements around electrification and renewable energy, and offsite renewable energy and offsets.

The benefits of NABERS energy ratings should be augmented with a holistic building rating through Green Star, and mechanisms to improve compliance and implementation should be introduced or enhanced.

Section 05

Investing in growing regions

Hunter, Central Coast, Illawarra and Western Sydney

Recommendations

5.1	**Reinstate the Newcastle Mines Grouting Fund to support housing delivery and economic growth across the city**	Investment
5.2	**Support the delivery of the Broadmeadow Place Strategy and the Broadmeadow Regionally Significant Growth Area**	Investment
5.3	**Unlock housing and industrial land supply in the Hunter region by investing in critical infrastructure**	Investment
5.4	**Support the economic expansion of the Illawarra Shoalhaven region, with a focus on Port Kembla, the Wollongong CBD and key health precincts**	Policy reform
5.5	**Provide funding for the Illawarra Sports and Entertainment Precinct, Nowra Riverfront Precinct and Regional Tourism Strategy**	Investment
5.6	**Provide funding for increased transport services and infrastructure to improve connections within the Illawarra Shoalhaven and to Greater Sydney**	Investment
5.7	**Upgrade Fifteenth Avenue to support new homes and Western Sydney Airport connectivity**	Policy reform
5.8	**Provide immediate funding for bus services connecting the existing public transport network to Wilton, Bradfield, Mamre Road and Western Sydney Airport**	Investment
5.9	**Support a "go big" approach to supporting the growth of South Western Sydney**	Investment

Key: **Investment** **Policy reform**

Hunter

The Hunter is Australia's largest regional economy, with more than $86.3 billion in annual economic output.

The region is supported by a highly professional and skilled workforce and strong education, health, energy, resources, tourism, creative industries, manufacturing and defence sectors. This is underpinned by a significant and diversified property sector.

At the heart of the Hunter region are several growing catalyst city centres, undergoing transformation through public and private investment with significant population growth projected for the region to 2041.

Strategic planning and infrastructure investment needs to align with this forecast growth for critical housing and industrial land supply to be released in those areas. Industry is ready to partner with government to realise these positive outcomes, with development ready to occur if investment and planning conditions are right.

The following recommendations are key to the success of the region's liveability and its potential to continue its significant contribution to the state's economy.

5.1 Reinstate the Newcastle Mines Grouting Fund to support housing delivery and economic growth across the city

The $17 million Newcastle Mines Grouting Fund was established in 2015 as a pilot program and stimulated at least $3 billion worth of investment in the city by underwriting the uncertain costs associated with grouting old mine workings to facilitate higher density development. Property Council analysis estimates the Fund was a catalyst for the delivery of more than 2,000 apartments in the inner-city Newcastle precinct where it operated.

The need for mine grouting has become an increasingly significant issue in Newcastle over the past decade with the growth of high-density buildings, supported by council-led rezonings and government policy to encourage in-fill development. The Fund stopped accepting applications in 2023, with new building in the Honeysuckle precinct all but complete.

Significant need still exists across the city and the region more broadly for the commercial certainty it provides to developers and their financiers. This has been acknowledged in the neighbouring Lake Macquarie local government area (LGA), which received $10 million from the Australian Government to establish the Lake Macquarie Mines Grouting Fund.

The Property Council is aware of at least 1,500 apartments in the planning pipeline in Newcastle that have not yet proceeded, for which the lack of access to the former Mines Grouting Fund is a significant issue. As well as holding up much-needed housing supply, this equates to over $51 million in foregone stamp duty to the state.

5.2 Support the delivery of the Broadmeadow Place Strategy and Broadmeadow Regionally Significant Growth Area

The release of the Broadmeadow Place Strategy in 2024 has set out the master plan for a revitalised, mixed-use inner-city precinct that will deliver up to 20,000 new homes and 15,000 jobs over the next 30 years, along with regionally significant sports, entertainment and community facilities. To ensure immediate progress on the master plan and potential delivery of first homes within the precinct within the next five years, the Property Council calls for funding in the 2025-26 Budget to:

- support the appointment of a delivery agency,
- fund a business case for precinct delivery, and
- provide the delivery agency with funding over the first five years of precinct development to support land preparation, housing development, delivery of enabling infrastructure and employment land site releases.

The Property Council notes that areas included in the Broadmeadow Precinct are known to be undermined and with the high building densities outlined in the master plan, the need for mine grouting is a strong likelihood. This further supports our recommendation above to reinstate the Newcastle Mines Grouting Fund.

5.3 Unlock housing and industrial land supply in the Hunter region by investing in critical infrastructure

Thousands of housing lots and hundreds of hectares of employment land across the Hunter are constrained by regional transport planning. With a Housing Accord target of 30,400 new dwellings to be delivered across the five Lower Hunter LGAs, it is critical for the NSW Government to identify and address transport infrastructure blockages that are constraining supply.

The Property Council anticipates the release of the Hunter Strategic Regional Integrated Transport Plan and will seek to ensure it aligns with the priorities outlined in the Hunter Regional Plan 2041 and Greater Newcastle Metropolitan Plan.

The Property Council also supports region-wide calls for the NSW Government to establish a Hunter Enabling Infrastructure Fund, with initial funding of $500 million, to deal with the infrastructure backlog and unlock housing and employment lands to support the Hunter region and state's growth trajectory.

To address the urgency of the housing crisis, the NSW Government should also provide forward funding to support infrastructure development around the region's TOD precincts and delivery of the Infrastructure Opportunities Plans being developed to support the implementation of the Housing and Productivity Contribution framework.

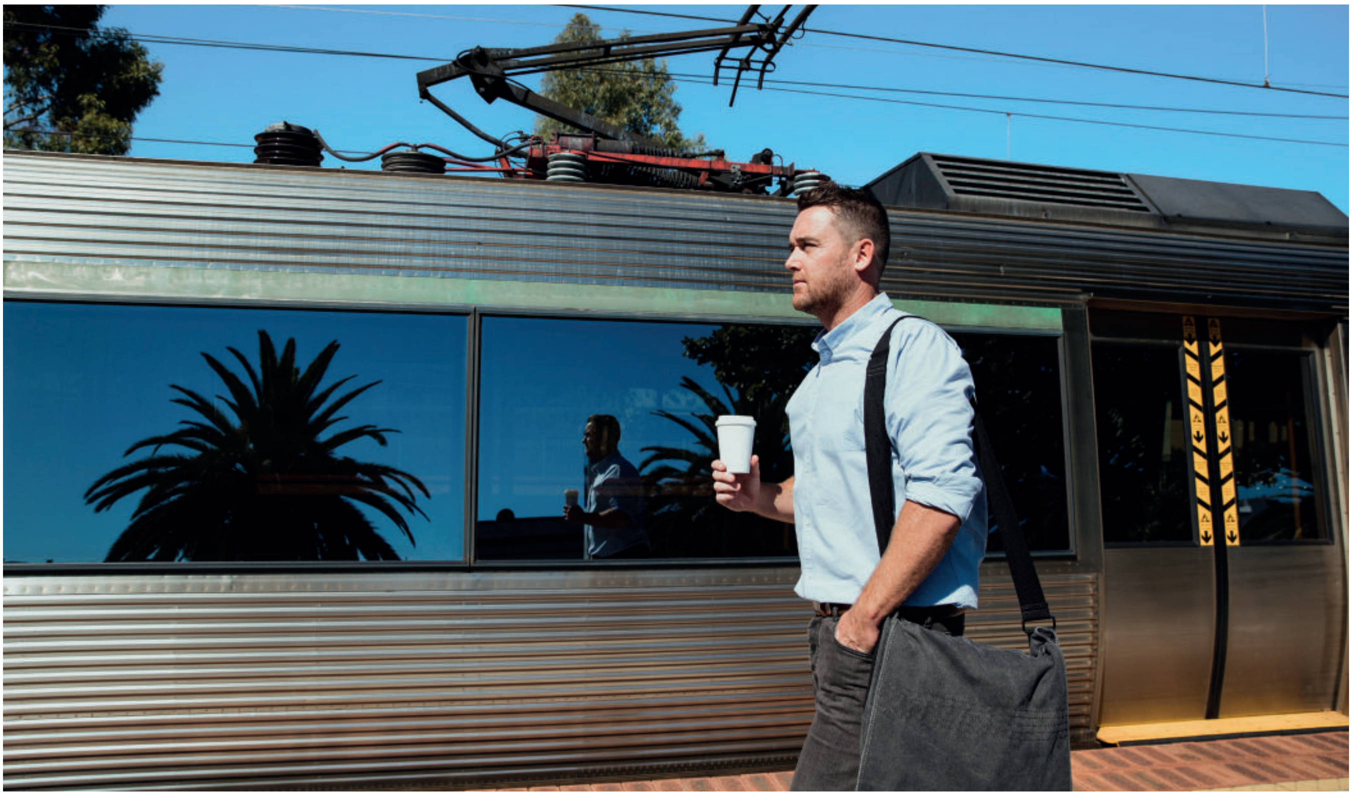
Central Coast

The Central Coast is expected to experience significant population growth in the coming years, and the region must have a strong pipeline of new houses and jobs to accommodate this change.

The Central Coast region needs an increased supply of housing to market to meet growing demand. The potential supply of new housing is challenged by constraints in the region's topography, access to services and infrastructure. There is a growing need to ensure housing is located in serviceable (and serviced), accessible areas to accommodate changing demand and diversity.

There are opportunities for the NSW Government to do more to facilitate investment by promoting the advantages of the planning controls for the Gosford City Centre in SEPP (Precincts – Regional) 2021 and considering master planning and accelerated approval pathways for the region's TOD precincts. Sustained investment in key growth areas in the region will be critical to supporting the pipeline of housing delivery and economic development to accommodate the growing population.

Central Coast Council has faced significant financial and operational challenges in recent years. According to the council league table, the Council assesses the highest number of development applications of all NSW councils. The Council is in a rebuilding phase has a strategy to address its resourcing and recruitment challenges to improve development assessment timeframes and planning efficiencies — focusing on its people, processes and technology. The Property Council urges the NSW Government to support the implementation of this strategy through resourcing and funding streams, as appropriate.



Illawarra Shoalhaven

The Illawarra Shoalhaven is one of the fastest growing regions with over 427,000 people calling it home, and the third largest economy in NSW which has transformed and diversified, while maintaining lifestyle benefits for its local communities.

With Wollongong as the regional city supported by Shellharbour and Nowra, the region's economy contributes significantly to the wider state economy in sectors such as education, research and innovation, construction, advanced manufacturing, professional services, defence and health and aged care.

Like many other regions across the state, the Illawarra Shoalhaven needs critical infrastructure, transport services and diverse housing to keep up with the significant increase in population and people working in the region. This needs to be supported by good strategic planning and investment into the region to ensure its prosperity.

5.4 Support the economic expansion of the Illawarra Shoalhaven region, with a focus on Port Kembla, the Wollongong CBD and key health precincts

The Wollongong CBD continues to emerge as the capital of the Illawarra Shoalhaven region and will benefit from funding for projects that deliver new health, tourist accommodation, recreation, entertainment commercial and residential precincts. The Property Council supports investment by the NSW Government to further grow the Wollongong CBD, especially with its lifestyle attractions, access to transport and presence of universities and hospitals.

Port Kembla is the main international gateway in the region and provides significant potential to generate further economic and employment opportunities. This will come through the support of further expansion of port activities, and the Bluescope Port Kembla Master Plan which will create a multi-faceted industrial precinct with the potential to create 30,000 jobs in emerging industries.

5.5 Provide funding for the Illawarra Sports and Entertainment Precinct, Nowra Riverfront Precinct and Regional Tourism Strategy

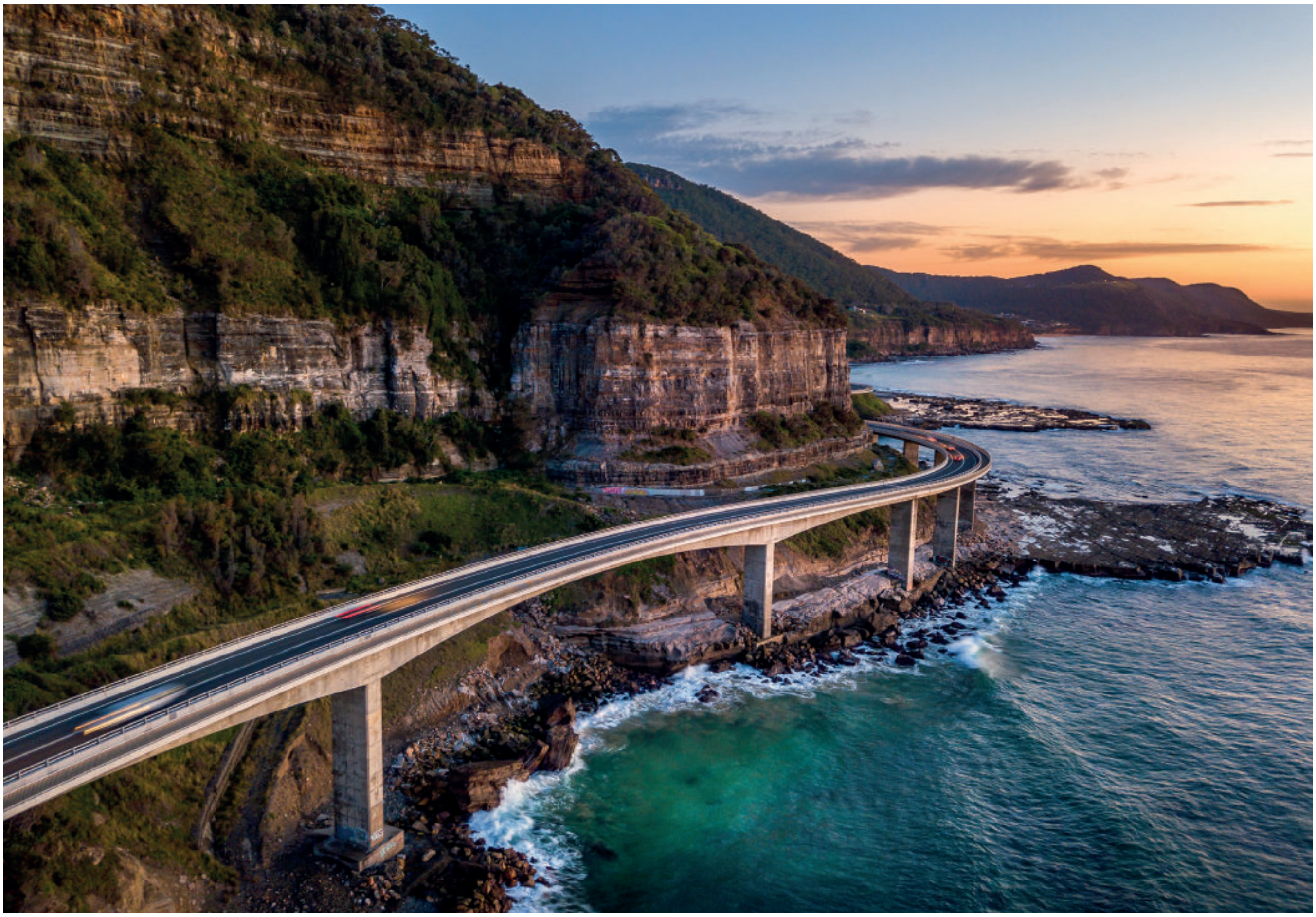
An overarching regional tourism strategy is essential to supporting the growth of the visitor economy, the expansion of the regional airport in Shellharbour and to increase the attractions and tourism accommodation offerings available for people visiting our region.

Funding for the Illawarra Sports and Entertainment Precinct and the Nowra Riverfront Precinct are critical to the expansion of the regional visitor economy. It will be beneficial not only locally but also for the whole region as the upgraded facilities will bring with it new entertainment and sport offerings and increased tourism to the region.

5.6 Provide funding for increased transport services and infrastructure to improve connections within the Illawarra Shoalhaven and to Greater Sydney

Funding for more frequent train and bus services within the Illawarra Shoalhaven region and especially between the regional town centres is key to supporting people to use the public transport network and increase access to public transport options for people travelling to and from work especially during peak times.

Whilst there are strong transport links to the Sydney CBD, Airport and Port Botany, there is an opportunity to create better connections to the fastgrowing South West Sydney region, and Western Sydney International (NancyBird Walton) Airport and the Aerotropolis. Funding for a business case that looks at potential transport connections between Illawarra and South West Sydney should be considered.



Western Sydney

Last year's Budget provided a significant boost to development-enabling infrastructure, and delivered on the calls of our Jobs Need Roads campaign to ensure the Western Sydney Aerotropolis has the roads investment needed to cater to its future role as a destination for warehousing and logistics.

The success of these investments, and the government's commitment to delivering greenfield employment lands now requires immediate investments in public transport to connect the workforces of Western Sydney and reduce their dependence on cars as the only option for the daily commute.

For the city to remain prosperous and competitive in the years to come, the 2025-26 Budget requires a focus on:

- Upgrading Fifteenth Avenue to support the current and future growth potential of the Austral/Leppington precincts, with
- Immediate funding for bus services connecting the existing public transport network to Bradfield, Mamre Road and the Western Sydney Airport.
- A "big vision" for the South West and Macarthur, bringing forward business cases for major water, roads and schools to unlock the region's greenfield housing potential.

5.7 Upgrade Fifteenth Avenue to support new homes and Western Sydney Airport connectivity

The unfinished business of the Western Sydney City Deal, the Fifteenth Avenue Smart Transit Corridor, is the promise of state and federal governments to connect the Liverpool CBD and its population to the Western Sydney Airport and Bradfield Precincts.

Fifteenth Avenue is a peri urban east-west road running most of the length of the Liverpool LGA. Over the past 15 years, residential development in the Austral Leppington Precinct has placed pressure on this road with commute times to Liverpool ballooning from 11 minutes to a current run-time of 40 minutes. An immediate upgrade to accommodate this growth is required.

Concurrently, the NSW Government will need to future-proof the corridor, acquiring land for its further expansion. In the future, the Fifteenth Avenue Smart Transit Corridor will need to accommodate rapid bus transit to complete the vision of the Western Sydney City Deal and unlock the future growth potential of undeveloped locations on this route.

5.8 Provide immediate funding for bus services connecting the existing public transport network to Wilton, Bradfield, Mamre Road and Western Sydney Airport

Construction of the warehouses of the future in Mamre Road is underway, Western Sydney Airport will open in 2026, and the Advanced Manufacturing Research Facility in the Bradfield City Centre will reach completion in early 2025.

All these destinations are served by small, busy roads and are designed with planning restrictions designed to minimise car dependency. With construction and operational workforces making these precincts their place of work, we need buses as a high priority.

As mentioned in our Jobs Need Roads submission to the NSW Parliament's Inquiry into Transport Infrastructure Supporting Western Sydney Airport and the Aerotropolis, we identified a need for bus services to connect outer ring suburbs with pockets of economic disadvantage with the employment opportunities these precincts will create. Immediate, interim bus services will unlock the private and public sector's investment in jobs with access to the workforce seeking this work.

5.9 Support a "go big" approach to supporting the growth of South Western Sydney

Campbelltown, Camden and Wollondilly LGAs are the engine rooms of Sydney's greenfield housing supply – and a significant contributor to the state's overall housing targets. For this growth to continue, the Western Sydney Urban Development Plan will need funding support beyond the Housing and Productivity Contribution, which we've previously called for a reprieve on, to unlock its future potential.

For the NSW Government to deliver on its commitment to expanding the supply of housing to Sydney, these areas will require further support. The NSW Government is already making significant investments in delivering new schools in greenfield development locations, and the Wollondilly LGA, with an expected population of 92,000 by 2036 and an existing population of 54,000 will likely need more than Picton High School as the only state school servicing its future needs.

Significant investments in water infrastructure will also be required to keep the pipeline of new housing coming online. The industry has a desire for this growth infrastructure to be brought forward in a manner which minimises the cost imposition on new homebuyers. We encourage the NSW Government to use general revenue sources to bring forward the business cases for these works, while maintaining an open mind to what can be achieved through private-public partnerships and federal funding opportunities.

Property Council of Australia
NSW Division
Level 7, 50 Carrington Street
Sydney NSW 2000

propertycouncil.com.au