



Summer
Foundation

Inquiry: Opportunities to Improve Productivity in the Construction Sector

Summer Foundation response to Interim Report

August 2025

1. Introduction

The Summer Foundation welcomes the opportunity to respond to the Queensland Productivity Commission's (QPC) Interim Report on opportunities to improve productivity in the construction sector.

The Summer Foundation strongly supports the continued implementation of the Livable Housing Design Standards (LHDS) as adopted in the 2022 National Construction Code (NCC). Our position is clear: improving productivity in the construction sector need not and should not come at the expense of long-term housing suitability and functionality. The QPC Interim Report questions whether governments should proceed with regulations that impose a net cost. We disagree with this framing. The Livable Housing Design Standards deliver net benefits and should be retained on that basis.

We previously made a submission to the QPC's initial consultation. This submission responds to the Interim Report. It highlights the importance of treating housing as long-lived infrastructure, the flaws in the original Regulatory Impact Statement (RIS), and the national interest in maintaining consistency across jurisdictions.

The Summer Foundation

The Summer Foundation focuses on identifying, designing and scaling up better housing and living solutions for Australians with disability with high support needs.

The Summer Foundation is the national convener of the *Building Better Homes* campaign, which is a coalition of over 70 peak bodies and agencies working to ensure the mandatory accessibility standards, now included in the 2022 NCC, are adopted nationally and implemented well in every state and territory in order to meet the needs of all Australians.

2. Housing is infrastructure

A home built in 2025 is likely to still be standing 50 to 100 years into the future. As the home ages, so will Australia's population, with a growing number of people expected to be aged over 64 as the century advances. In this context, it is a mistake to think of a house as a commodity or to think of a real estate transaction as having implications only for the vendor and purchaser. In fact, the homes we build today are long-term infrastructure that shapes the lives of multiple occupants over decades. Most of the people who live in a home will not have had input into the original design or construction decisions. How do we ensure that our housing infrastructure is suitable for the future needs of current purchasers, and the potential needs of future occupants?

Once built, a home becomes part of the national housing stock. Like any other form of infrastructure, it should be built to meet both current and future needs.

The LHDS introduces basic features that enable homes to be more easily navigated, visited, and retrofitted. These include step-free entry, reinforced bathroom walls, and step-free showers. Such design elements enhance long-term suitability, support ageing in place, and help to manage the increasing prevalence of disability and mobility impairments across the population. It is much cheaper to incorporate these features at the initial design stage rather than to retrofit them later.

The Australian Bureau of Statistics' 2022 Survey on Disability, Ageing and Carers found that over 20% of the entire population had disability. For those over 64 years old, the rate is over 50%.¹ In Queensland, around 17% of people are over 64, and by 2038 it is projected that 1 in 5 Queenslanders will be 65 years and older.² There will be a growing number of people with accessibility needs in the coming years. Regulating for these features now is a prudent investment in infrastructure that serves Australians well over time.

3. Livability standards deliver net benefits

The original RIS commissioned by the ABCB (prepared by the Centre for International Economics) significantly underestimates the benefits of the LHDS. A response by Dalton and Carter demonstrates that under more realistic assumptions, the LHDS consistently generate positive benefit-cost ratios, including for Option 1, the "Silver Standard" that was the basis for the Livable Housing Design Standards.³

Under the Dalton and Carter analysis, Option 1 has a BCR greater than 1 and as high as 2.87, even while retaining the 7% discount rate in the initial RIS. A lower discount rate, better aligned with the current 30-year bond rate in Australia, would strengthen the BCR further.

Problems with the RIS include:

- It does not apply the principle of symmetry; it counts all the costs without accounting for all the benefits.
- It neglects that the cost-savings to government from improved accessibility are additive with the altruistic benefits felt by other individuals.
- It ignores the capital value of any added space.

We agree with the principle that changes to the NCC should have a net benefit. A reconsideration of the RIS establishes that, in fact, the LHDS does offer net benefits.

It's also worth noting that the LHDS is now established in Queensland. It would be too simplistic to assume that there would be benefits to getting rid of the LHDS equivalent to the purported costs of implementing it in the first place. Given that it is now established practice in the industry, it would be potentially disruptive to get rid of these standards, and it cannot be assumed that the benefits of opting out would outweigh the costs.

4. National consistency matters

The QPC refers to the Australian Productivity Commission, noting that the consistent implementation of the NCC across all jurisdictions encourages "scale, efficiency and transferability", with estimated economic benefits over \$1 billion annually.⁴ It is thus curious that the QPC is advocating for inconsistent implementation of the NCC, that is, by having Queensland opt-out of the LHDS.

Such a decision would:

- Place Queensland out of step with most other jurisdictions;
- Fragment the regulatory landscape, reducing productivity and making it harder for firms to scale up; and
- Complicate compliance for builders operating across borders.

We note that the NSW Government is currently considering options to adopt the LHDS. If this occurs, it would make the impact of inconsistency particularly challenging for Queensland.

If there are issues with aspects of the NCC, the best way to address those issues while maintaining the benefits of national consistency is through the "Proposal for Change" mechanism. If the NCC ought to change, it should change consistently for all jurisdictions. The Proposal for Change process allows such refinements and is the appropriate vehicle for resolving issues with the substance of the NCC.

5. Productivity and inclusion are compatible

Making housing livable enables people to enjoy suitable homes and fully participate in society. This improves productivity.

Accessible housing reduces unnecessary entries into hospitals, enables more timely discharge, and supports informal care arrangements. It reduces the need for complex home modifications and supports older Australians to remain at home longer. Implementing these changes at the construction stage avoids the need for costly retrofits and frees up human capital. These are productivity gains.

If Queensland opts out of the LHDS, it will not eliminate the cost of making housing accessible. Rather, it will simply shift these costs. The costs will be borne in part by individuals, both in the direct cost of retrofits and in the limitations imposed by an inaccessible home. As the Building Commission of NSW noted, costs will also be borne by the state government due to an increased need to retrofit social housing.⁵ And higher retrofit costs for insurers will ultimately cost business and the community through increased insurance premiums. There is no 'free lunch' to be had here. The choice is rather between a smaller upfront cost or a cost that is larger yet delayed and partially obfuscated.

6. Conclusion and recommendation

The interim report opens by saying that it will focus on issues that:

- have a significant effect on construction productivity,
- are likely to provide significant economic gains, and where
- there is a clear and compelling case for reform.

The proposed changes to the LHDS do not meet the bar that the QPC has set for itself. Abolishing the LHDS would achieve, at best, a marginal reduction in building costs. There would be significant economic harms: to people with disability, to families and carers, and to the functioning of the broader healthcare, aged care, and disability care systems. Given this, the case to rollback the LHDS in Queensland is neither clear nor compelling.

As it stands, the LHDS have been in effect now for several years and the construction sector has been getting on with the job. Practitioners have adapted their designs, evolved their practices, and are finding cost-effective ways to meet the standard. The exemptions in the NCC and in the Queensland Development Code provide for an approach that minimises edge cases where compliance may be onerous or prohibitively expensive, while still maximising the benefits.

Given this, the Summer Foundation urges the QPC to reaffirm the value of the LHDS and recommend that Queensland retain its commitment to their full implementation.

This would be consistent with the recommendation of the Disability Royal Commission⁶ and the NDIS Review⁷. If refinements *are* needed, they should be pursued through the ABCB's Proposal for Change process to preserve national consistency.

We encourage the QPC to shift focus from repealing basic standards to identifying substantial opportunities to enhance productivity across the construction sector—without compromising the long-term functionality and inclusiveness of Queensland homes. It is cheaper, simpler, and more productive to stay the course.

References

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