

# Productivity Commission Inquiry into Housing Supply Regulations - WALGA Submission

## Introduction

The Western Australian Local Government Association (WALGA) is an independent, member-based, not for profit organisation representing and supporting the WA Local Government sector. Our membership includes all 139 Local Governments in the State.

WALGA uses its influence, support and expertise to deliver better outcomes for WA Local Governments and their communities. We do this through effective advocacy to all levels of Government on behalf of our members, and by the provision of expert advice, services and support to Local Governments.

WALGA's vision is **to be the authoritative voice and trusted partner for Western Australian Local Government.**

WALGA welcomes the opportunity to provide a submission to the Productivity Commission (PC) inquiry into the rules and regulations that impact housing supply.

WALGA understands the PC has been asked to assess how regulatory systems affect housing supply across jurisdictions, identify best practice and recommend reforms to increase housing supply, with a focus on approval processes, land availability, and infrastructure delivery and utilisation.

In particular, WALGA understands that the Australian Government has asked the PC to evaluate recent reform efforts, such as state and territory reforms under the National Housing Accord, against features of a 'best-practice regulatory system' for housing and assess the impact of reforms on housing supply.

In this context, WALGA notes that planning reform has been underway in Western Australia since 2019 and that, to date, there has been no publicly available State Government evaluation of the impact of these reforms.

**WALGA strongly supports the PC undertaking an evidence-based evaluation of existing State planning and other housing related streamlining reforms to determine their effectiveness in increasing housing supply.**

The information provided in this submission has been drawn from extensive research and data analysis of state and local development assessment pathways across Western Australia and the WALGA advocacy positions listed below.

### 6.1 *Planning Principles and Reform Position Statement*

1. *The Local Government sector supports an efficient and effective planning system guided by legislation, policy, and processes that:*
  - a. *facilitates the creation of sustainable and liveable communities and places;*
  - b. *has a focus on strategic planning that delivers on long-term objectives and outcomes that balance social, environmental, cultural, and economic interests;*
  - c. *is easy to understand, accessible and transparent;*

- d. recognises the diversity of Western Australia and ensures that local environment, context, communities and character are appropriately reflected in planning frameworks and decision making;
  - e. ensures decisions are made by the level of government closest to and most impacted by a planning proposal; and
  - f. establishes consistent planning frameworks and streamlines planning processes where there is a demonstrated benefit in doing so.
2. Reforms to the planning system should:
- a. be guided by the above principles;
  - b. deliver community benefit;
  - c. promote system efficiency, including through the use of technology;
  - d. be evidence-based and informed by robust, transparent data;
  - e. proceed at an appropriate pace to enable effective implementation;
  - f. be informed by engagement with the community; and
  - g. be amended only with WALGA involvement and consultation/involvement with Local Government.

## 6.6 Building Act and Regulations Position Statement

Assessments of the effectiveness of building control systems across Australia have recognised that there is diminishing public confidence in the building and construction industry, and that change is required to ensure buildings are safe and perform to expected standards. Now more than ever the focus is on Local Government building departments to deliver good governance, local leadership and sustainable services that meet the needs of their communities whilst supporting local jobs and economic growth. The Association has the following endorsed positions:

1. Support the retention of Local Government as the primary permit authority in Western Australia for decisions made under the Building Act 2011.
2. Supports mandatory inspections for all classes of buildings, however, Local Government should not be solely responsible for all mandatory inspections.
3. Advocate for the State Government to urgently prioritise legislative reform that addresses systemic failures in the current building control model and to provide clarification on the role of Local Government in building control to ensure building legislation supports the following objectives:
  - a. Quality buildings that are cost efficient.
  - b. Functional, safe and environmentally friendly buildings.
  - c. Good decision making in all aspects of building.
  - d. Efficiency and effectiveness in building management, administration and regulation.
  - e. Openness and accountability with respect to all building matters.
  - f. Recognition of the rights and responsibilities of all parties in building matters in an equitable manner.
4. Existing and proposed building control related fees and charges to be cost recovery for Local Government.
5. WALGA will work with members, state agencies and industry groups to develop training opportunities and to promote the Local Government building surveying profession to ensure sustainability of Local Government building control services.
6. WALGA supports the Australian Building Codes Boards Trajectory for Low Energy Buildings by supporting Local Governments to meet community strategic objectives of a net zero carbon future by 2050 through work with members, state agencies and industry groups.

## 6.7 Planning Fees and Charges

Local Government should achieve substantial cost recovery/fee for service in the delivery of its planning services; and any change to the fee structure should be carried out in consultation with the entire Local Government sector.

## WA Context

Western Australia is typified by a centrally controlled planning system. The State Government is responsible for setting the planning policy and framework and holds primary decision-making authority, with some planning functions delegated to Local Government.

Planning reform has been a priority for the Western Australian State Government for several years, resulting in substantial legislative and system changes, with recent initiatives aimed at '*creating more consistent, efficient and streamlined processes, and reduce unnecessary red tape to support the delivery of new housing and other critical infrastructure*'.<sup>1</sup>

These reforms include increasingly centralised planning powers at the State level through mechanisms such as State Significant Development pathways and standardisation of local planning frameworks and development assessment processes.

Within this context, the role of Local Government in housing supply is focused on administering statutory functions at the local level, notably development approvals and building permits.

However, Local Governments also play a broader role across multiple stages of the housing delivery process. This includes preparing local planning frameworks that set zoning and land use controls, developing and administering developer contribution plans and providing input into subdivision processes through referrals and clearance functions.

It is also important to recognise that, in Western Australia, essential utility infrastructure is prioritised, planned and delivered by State Government agencies and service providers, further reinforcing the centralised nature of the system.

## Local Government Planning Performance Data

WALGA has undertaken long-term data collection on Local Government planning and building functions, including analysis of key development pathways: State Significant Development pathways<sup>2</sup> determined by the Western Australian Planning Commission (WAPC), Development Assessment Panels (DAPs), as well as determinations by Local Governments.

The Local Government Performance Monitoring Project, undertaken annually since 2017, remains the only comprehensive dataset for Local Government planning and building regulatory performance in Western Australia and is relied upon by the State Government for national reporting. 52 Local Governments participated in 2024-25, representing approximately 92% of Western Australia's population and 96% of the State's total population growth. For the 2024-25 financial year:

- Participating Local Governments determined 73,642 applications (development applications, subdivision referrals and building permits), a 17% increase on the previous year.
  - The timeliness data is relatively consistent with previous years despite the increase in applications, with 85% of these being determined or responded to within statutory timeframes.
- The participants determined 21,555 development applications, equating to a value of \$10.48b.
  - 99% of all development applications were approved.
  - 98% of all development applications were determined under delegated authority.
  - 87% of all development applications were approved within the statutory timeframe.
- Over the same period, DAPs determined 268 DAs and the State Significant Pathways determined 17 DAs respectively, with a value of \$7.18b and \$1.75b.
- Whilst there is an increase in the number of applications being determined, the average number of FTE have decreased.

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<sup>1</sup> [Planning Reform | WAPC](#)

<sup>2</sup> Parts 11B and 17 of the *Planning and Development Act 2005*

WALGA also supports the Local Government sector by promoting consistency and efficiency and building capability by providing practical guidance, tools and resources to improve decision-making.

## Local Government Role in the Housing Regulatory System

### 1. Development Approval

In WA, development approval (DA) assessment and determination are largely standardised through State legislation and regulations, which also exempt many forms of residential development.<sup>3</sup> Over the past several years planning reforms have expanded these exemptions, streamlining straightforward, low-impact housing. As a result, a significant proportion of housing does not require development approval.

Despite this, development approvals remain an important mechanism for ensuring housing is appropriately planned and designed to support liveable, sustainable, and well-functioning communities and good places for people to live.

Local Governments play a key role in the DA process, determining the vast majority of DAs. The State Government retains a decision-making role, specifically for more complex proposals through mechanisms such as DAPs and the State Significant Development Pathways.

Creating more consistent, efficient and streamlined processes and reducing unnecessary red tape to support the delivery of new housing are key elements of the State Government's planning reform agenda. WALGA's Performance Monitoring data shows that local governments continue to process DAs efficiently and effectively.

Recent reforms to expand the State Government's role in development assessment, particularly the expansion of State Significant Development pathways, were intended to provide a 'streamlined, efficient and coordinated pathway for complex proposals' and formed part of broader changes to the planning system that would boost housing supply.

However, WALGA's data indicates these pathways have been used infrequently, have not demonstrated improved efficiency and have delivered negligible housing outcomes.

For example, the permanent State Significant Development pathway (Part 11B) has contributed only 0.01% of total dwellings approved in WA to 31 August 2025. The earlier Part 17 pathway averaged 466 days per application, with more than half of approved projects yet to commence construction.<sup>4</sup>

These outcomes highlight a critical issue that approvals do not necessarily translate into housing delivery. There is a clear distinction between planned homes and completed homes. While the planning system can enable housing, including through timely approvals, it does not control when, or whether, approved developments proceed to construction or completion.

Housing delivery is influenced by a range of factors outside the planning system, including construction costs, workforce availability, financing conditions and supply chain constraints. In the current market, these factors are a primary constraint on delivery. Infill development in Perth, particularly multi-unit and apartment projects, continues to underperform due to persistent feasibility challenges, with low completion rates despite increasing approvals.<sup>5</sup>

This reinforces that further changes focused solely on streamlining approvals are unlikely to materially increase housing supply without addressing these broader constraints. It also highlights the risk of misattributing housing shortages to the development approval process, when evidence

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<sup>3</sup> [Planning and Development \(Local Planning Schemes\) Regulations 2015](#)

<sup>4</sup> Data from the 1 April 2025: WALGA's [Significant Development Pathway Report](#)

<sup>5</sup> [UDIA State of the Land 2026 Report](#)

shows that approvals, particularly those determined by Local Governments, continue to be processed in a timely and effective manner.

Further, this highlights the need for evidence-based evaluation of recent planning and other related streamlining reforms to determine their effectiveness in improving efficiency and determining their actual impact on both approval timeframes and housing completions. To date, there has been no publicly available State Government evaluation of the impact of these reforms. WALGA considers that addressing this gap should be a priority.

Finally, Local Government planning fees, set by the State Government, have not been updated since 2014 and are at well below cost recovery. WALGA considers that any significant changes to the planning system must be accompanied by an appropriate increase and indexation of these fees to ensure Local Governments are adequately resourced to deliver timely and effective assessment.<sup>6</sup>

## 2. Building Permits and Inspection

WA Local Government building surveyors are responsible for ensuring compliance with building standards at approval and occupancy stages and enforcing compliance during construction. This function underpins the delivery of buildings that are safe, functional, and environmentally sustainable. Well-designed buildings can also reduce energy demand and operating costs over time, delivering more cost-efficient housing outcomes across the life of the building.<sup>7</sup>

Public confidence in the building and construction industry has been declining for several years, highlighting the need for reforms to ensure buildings are safe and perform to expected standards.<sup>8</sup> In WA, this is reflected in ongoing reforms to modernise the building regulatory framework, strengthen construction quality and improve consumer confidence.<sup>9</sup> This demonstrates that rather than building regulations and the building permit process being barrier, they are a critical safeguard that supports quality, safety, and long-term cost efficiency in housing delivery.

Local Governments continue to face significant and persistent workforce challenges. Building surveyors are among the most difficult roles to recruit and retain across WA, driven by an ageing workforce and limited education and training pathways.<sup>10</sup> While the 2025–26 State Budget includes investment to increase construction workforce capacity, it does not adequately address shortages in Local Government regulatory roles.<sup>11</sup> Despite this, WALGA's performance monitoring data indicates that 93% of Building Permits are determined within their statutory timeframe.

Increasing development activity and pressure to accelerate housing delivery are placing increased pressure on already constrained Local Government resources. Addressing workforce sustainability is therefore essential to maintaining an effective regulatory system and realising the benefits of reform. Reform efforts must focus on supporting capacity and consistency, rather than reducing oversight, as strong building regulation remains fundamental to achieving safe, high-quality, and durable housing outcomes.

## 3. Zoning and Land Use Controls

Planning frameworks should balance social, environmental, cultural and economic interests and facilitate the creation of sustainable and liveable communities and places. Land should be

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<sup>6</sup> [Planning and Development Regulations 2009 Item 1\(a\) of Schedule 2 – Maximum fees for certain planning services](#)

<sup>7</sup> [WALGA Supporting the Trajectory Discussion Paper FINAL 2022](#)

<sup>8</sup> [building ministers forum expert assessment - building confidence.pdf](#)

<sup>9</sup> [Building and Energy industry reforms](#)

<sup>10</sup> WALGA's Building Surveyor Sustainability Report (2025)

<sup>11</sup> [State Budget 2026-27 | WALGA](#)

appropriately zoned to reflect local context, including environmental conditions, community needs and neighbourhood character.

Local Governments play an important role in preparing local planning frameworks, including zoning, density and land use controls. These instruments require preparation and processing by Local Governments, followed by consideration and determination by the WAPC and/or the Minister for Planning.

WALGA has raised concerns with the increasing standardisation of local planning instruments, the growing state involvement in their preparation and approval and the lengthy processing time at the State level. WALGA's Performance Monitoring Project highlights the significant time required to prepare and review these comprehensive frameworks, with the average scheme age currently at 13.16 years.

Timeliness and transparency are key objectives of planning reform, and Local Government planning processes have been subject to significant scrutiny and review in recent years. There is an opportunity to ensure that consistent accountability and performance expectations apply across all decision-makers, including at the State level. Notably, some local planning processes do not include statutory timeframes for the state and should be considered as part of this Inquiry.<sup>12</sup>

Recent reforms have also expanded the State Government's role in areas traditionally led by Local Governments. For example, the State Government's 2025 announcement to assume responsibility for planning controls in selected train station precincts includes establishing planning frameworks—such as zoning and building heights, and determining development applications.<sup>13</sup>

While these initiatives are intended to respond to housing supply pressures, there is a risk that more centralised or expedited decision-making may not adequately consider local context or prioritise long-term, place-based outcomes or may not improve efficiency. Effective planning frameworks must continue to balance growth objectives with local environmental considerations, community expectations, and neighbourhood character to ensure enduring and high-quality development outcomes.

#### **4. Subdivision**

The State Government, through the WAPC, is responsible for determining subdivision applications. Local Governments play an important role in the assessment process by providing comments and recommendations, including conditions, to the WAPC within the statutory 42-day referral period. Local Governments are currently processing 77% of these referrals within the statutory timeframe.<sup>14</sup>

Local Governments also play a role in certifying or clearing subdivision conditions. This includes approving relevant technical drawings such as engineering and landscape drawings and inspecting works, such as roads and parks, to ensure they have been built in accordance with relevant standards and approvals. This is specifically important as Local Governments take over the responsibility for this public infrastructure. There are no statutory timeframes for the clearance of subdivision conditions.

State Government agencies and service providers play a critical role in the subdivision process. Similar to Local Governments, they undertake referral and condition-clearing functions; however, they are also responsible for prioritising, planning and delivering essential utility infrastructure to support new development. The timely and coordinated provision of this infrastructure is fundamental to unlocking land and supporting housing supply.<sup>15</sup> As such, the role of State utility

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<sup>12</sup> [Flying-Minute-Submission-on-Draft-Amendment-Regulations-and-Supporting-Chapters-of-the-WA-Planning-Manual-\(web\).pdf](#)

<sup>13</sup> [Fast track for housing around train station precincts | Western Australian Government](#)

<sup>14</sup> [WALGA's Performance Monitoring Project \(2024-25\)](#)

<sup>15</sup> [UDIA State of the Land 2026 Report](#)

providers, including infrastructure planning horizons, investment prioritisation, and delivery lead times, warrants further examination in this inquiry.

## 5. Developer Contributions

Developer contributions require developers to fund infrastructure needed to service new development, ensuring costs are shared between the community and those generating demand. Contributions are typically collected through the subdivision and development process by Local Governments and State Government agencies.

Development Contribution Plans (DCPs) are the primary mechanism for funding local infrastructure such as roads, drainage, public open space and community facilities to support urban growth. DCPs are incorporated into local planning schemes, with Local Governments responsible for their preparation and administration, including identifying infrastructure needs, apportioning costs and managing the collection and expenditure of contributions.

The DCP framework is established through State legislation and policy, with the State Government responsible for reviewing and approving DCPs through local planning schemes and scheme amendments and providing strategic oversight to ensure consistency with broader planning objectives.<sup>16</sup>

Local Governments have identified several challenges and recommendations within the current DCP framework that may impact housing supply and also the ability of Local Governments to deliver community infrastructure:

- Indexation of the community infrastructure cap - The community infrastructure cap is not currently indexed and therefore doesn't reflect rising construction costs. Indexation would mean contributions remain fair and sufficient to cover the actual cost of infrastructure delivery.
- Prefunding mechanisms – Establishing a state-level prefunding mechanism that allows Local Governments to access upfront funding for critical infrastructure, which is later recouped through DCPs as development progresses, accelerating delivery and ensuring essential services are available to support new communities from the outset.
- Limited interim contribution tools – There is an absence of clear mechanisms to collect early contributions and support early infrastructure delivery. Interim contributions allow Local Governments to collect funds early in the development process, which can be crucial for initiating infrastructure projects.
- Equal standards for State Government Entities – There are inconsistent developer contributions standards for State Government entities. Equal standards enhance stakeholder confidence in the DCP process, as developers, community members and other stakeholders can be assured that all entities operate under the same rules and are subject to the same oversight.
- Update DCP timeframe and extension process – Consider reviewing the current 10-year timeframe and ensure a timely and seamless extension processes to support a more agile and responsive infrastructure planning.
- Land acquisition powers - DCP-funded infrastructure projects are often delayed due to prolonged negotiations with landowners or difficulties in acquiring the necessary land parcels. Compulsory acquisition powers would enable Local Governments to secure land more efficiently, adhering to project timelines and reducing the risk of cost overruns due to delays.

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<sup>16</sup> [State Planning Policy 3.6 – Infrastructure contributions](#) and the [Planning and Development \(Local Planning Schemes\) Regulations 2015](#)

## Conclusion

Local Governments in Western Australia are demonstrating strong planning and building performance, determining a high and an increasing volume of applications, with the majority of determinations completed within statutory timeframes and with very high approval rates.

The Western Australian Government has implemented significant changes to planning frameworks and regulations aimed at boosting housing supply. It is acknowledged that ongoing initiatives to simplify processes, improve consistency and reduce regulatory complexity could contribute to a responsive and efficient housing system. However, **it is essential that any recommendations for future reform be informed by an evaluation of the impacts of reforms implemented to date on increasing housing supply.**

However, it is equally important to consider the benefits of the regulations and their objectives. Appropriate, efficient and well targeted regulations play a fundamental role in achieving broader community outcomes, ensuring that new development is well-coordinated, appropriately serviced and designed to deliver liveable, sustainable and functional communities. They also underpin the delivery of housing that is safe, resilient, and cost-efficient over its lifecycle, helping to avoid the higher economic and social costs associated with poorly planned or under-serviced growth.

Accordingly, future reforms must focus on refining and better integrating existing regulatory frameworks, rather than simply reducing them, to strike an appropriate balance between increasing housing supply and maintaining the quality, safety and long-term value of Western Australia's built environment.

WALGA looks forward to the PC's interim report and the opportunity to make a further submission at that time.