

15 June 2026

Housing supply regulation inquiry
c/o Vanessa Kershaw
Productivity Commission
GPO Box 1428 Canberra City ACT 2601

Dear Commissioners,

RE: Submission to the Productivity Commission Inquiry into Housing Supply Regulation

The Urban Development Institute of Australia (South Australia Branch) (UDIA SA) welcomes the opportunity to provide a submission to the Productivity Commission's inquiry into housing supply regulation.

As the peak body representing the development industry in South Australia, UDIA SA supports the intent of this inquiry to identify practical regulatory reforms that will enable more homes to be delivered more efficiently. The focus on approval processes, land supply, and infrastructure frameworks is well targeted to address several of the most critical constraints on housing delivery and by extension housing affordability.

At present, South Australia presents a relatively constrained development environment, where regulatory settings have a direct and measurable impact on housing supply outcomes. While recent reforms have improved aspects of the planning system, there remain several structural and regulatory issues that continue to limit the speed, certainty and feasibility of new housing delivery.

At a high level, UDIA SA considers that the most significant barriers to housing supply in South Australia fall into three key areas: the frameworks that underpin the delivery of housing-enabling infrastructure, the efficiency and consistency of approval processes, and the regulatory settings governing land use and development capacity.

Planning Approvals

Approval processes remain one of the most significant contributors to delay and uncertainty in bringing new housing to market. While appropriate assessment is critical to ensuring safety and quality, the current system often results in extended timeframes due to fragmented agency involvement, inconsistent interpretation of planning policy, and repeated information requests throughout the assessment process. These factors can result in material holding costs for development projects and, in some cases, deter investment altogether. The Productivity Commission has observed that long and complex approval processes can create cascading

delays and reduce housing supply responsiveness, which is consistent with the experience in South Australia.

In practice, some of the most burdensome aspects of the development approval pathway include referral agency inputs, post-application information requests, and the need to satisfy multiple layers of approval conditions. These processes are often sequential rather than coordinated and simultaneous, further extending delivery timeframes. Frustratingly, all too often separate Government agencies will express a view in direct contradiction of another agency's opinion.

To illustrate, I can cite the example of Heritage submitting that a new apartment building should integrate with neighbouring heritage properties and incorporate a podium design that provides a sympathetic interface with neighbouring buildings. Meanwhile the Government Architect would submit that the new building should have a consistent streamlined design consistent with a modern apartment building. As, in practice, the State Commission Assessment Panel defers to these agency opinions as essentially a veto, it is the proponent's job to waste months working with agencies with competing *opinions* on achieving resolution rather than Government determining a single consistent position across its agencies. This is but one example of the inherent contradictions that arise from the multitude of referrals and repeat requests for information that frustrate applications and add time and cost to projects.

There is a clear opportunity to streamline these pathways by enabling greater use of automated, code-based assessment, complying deemed to satisfy pathways, introducing stronger statutory timeframes, and improving coordination between agencies.

Land Use/Zoning

The availability and use of land for housing is also significantly influenced by regulatory settings in South Australia. While the planning framework provides a degree of zoned capacity, the practical ability to deliver housing is often constrained by a combination of density controls and built form requirements. As noted by the Commission, such controls can limit the number and type of dwellings that can be delivered, particularly in areas where demand is strongest.

In South Australia, these constraints are particularly evident in established urban areas, where opportunities for infill development are often restricted by a layering of controls that reduce feasible yield outcomes. While these controls serve legitimate objectives, their cumulative effect can significantly limit housing supply and reduce the ability of the market to respond to demand. In this context, there is merit in reviewing these settings to ensure they strike an appropriate balance between amenity outcomes and the need to increase housing supply.

Enabling Infrastructure

Land release arrangements also play a role, although in South Australia the more significant constraint is often not zoning itself but the timely servicing of land. The sequencing of land release is closely tied to infrastructure provision, and where infrastructure delivery is uncertain or delayed, land that is zoned for housing may not be practically available for development.

This highlights the importance of infrastructure provision frameworks, which represent a critical constraint on housing supply in the state. The delivery of essential services such as water, sewer, and stormwater management works is fundamental to unlocking both greenfield and infill development opportunities.

South Australia is experiencing persistent challenges in the timely delivery of water infrastructure, with SA Water processes increasingly acting as a constraint on development and housing supply. Industry feedback consistently highlights delays in securing approvals, limited transparency around infrastructure capacity and augmentation timing, and inconsistent communication from SA Water, all of which create uncertainty for developers and slow the release of serviced land. Particularly, response times and engagement have been identified as inadequate, contributing to project delays and cost escalation across the sector. Without clearer timeframes and improved coordination, water servicing risks continuing to act as a bottleneck to achieving South Australia's housing and growth objectives.

Another key constraint on the efficient delivery of water infrastructure in South Australia is the lack of contestability in the current system, with SA Water largely operating as the sole infrastructure provider. This limited competition reduces incentives for innovation, efficiency and timely delivery, and restricts the sector's ability to respond flexibly to growth demands. UDIA SA has consistently advocated for regulatory frameworks that afford greater contestability to expand capacity and deliver serviced land and accelerate housing supply, noting that introducing alternative delivery models would improve performance, enhance accountability, and reduce bottlenecks in enabling infrastructure.

One growth front in Greater Adelaide that stands out for its ability to consistently deliver new housing supply over the past decade is Mount Barker. This is notable because SA Water has not been present as a sewer provider in this area. Instead, a council system and a private operator have operated in competition to provide services to local communities. This has resulted in a competitive market that has helped to keep prices in check and has supported timely provision of services.

Conclusion

Across these three areas, there are clear and practical opportunities for reform that would support increased housing supply in South Australia.

Importantly, these reforms do not require a reduction in regulatory standards, but rather a more efficient and coordinated approach to achieving policy objectives. The Commission has highlighted that regulation serves an important purpose, but that the cumulative burden of regulation can be reduced without compromising outcomes.

Improving the performance of housing-related regulatory systems in South Australia will contribute directly to national objectives to increase housing supply and improve affordability. As the inquiry recognises, boosting supply in areas where people want to live is critical to addressing Australia's housing challenges.

UDIA SA welcomes further engagement with the Productivity Commission as the inquiry progresses and would be pleased to provide additional evidence, case studies, or data to support this work.

Yours sincerely,

Liam Golding
Chief Executive Officer