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# **Submission to Productivity Commission: Housing Supply Regulation**

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## Introduction

The Local Government Association of the Northern Territory (LGANT) welcomes the opportunity to provide a submission to the Productivity Commission Inquiry: Housing Supply Regulation. LGANT has also provided input to the Australian Local Government Association's (ALGA) submission to the inquiry.

LGANT is the peak body representing the Northern Territory's 18 local government councils. Membership consists of five municipal, ten regional and three shire councils, with one associate member. LGANT provides leadership, support, representation and advocacy on behalf of councils to strengthen community outcomes across the Territory.

Local government councils are the sphere of government closest to the community, and they understand their community's priorities. The sector provides significant support for housing and community growth. Councils are responsible for local roads, street signage, stormwater drainage, lighting, footpaths, cycle ways, parks and playgrounds, and an array of social and sporting infrastructure.

Councils bring detailed local knowledge of service expectations, cost drivers, environmental conditions and long-term operational realities. Incorporating this expertise upfront helps ensure that housing delivery strategies result in well designed, fit-for-purpose, and sustainable communities, supporting long-term liveability and community well-being.

The local government sector in the Northern Territory is distinct from its interstate counterparts and does not have direct control in the planning or delivery of enabling infrastructure. It, however, has a powerful, community informed voice that can and should influence housing delivery and regulatory decisions.

As the role and accountabilities of the Northern Territory local government sector regarding housing planning, regulation, supply and enabling infrastructure is disparate from its interstate counterparts, LGANT's submission focuses on questions that have direct impact and/or relevance to the Northern Territory context.

## Recommendations

LGANT provides the following recommendations:

1. The planning, provision and sustainable maintenance of enabling infrastructure is a significant housing supply constraint and if not addressed strategically, transfers unfunded risk to the local government sector.
2. Local government in the Northern Territory, particularly in the regions where housing demand is urgent, requires significant financial support and capacity building to provide sustainable support to housing related infrastructure needs.
3. The *Local Infrastructure Fund* needs to ensure its inclusion of regional allocations enables local government in the Northern Territory access to capability development and ongoing support to mitigate viability and sustainability risks presented through transfer of service maintenance responsibilities.
4. Planning policies, explicitly requiring that infill and redevelopment opportunities are fully explored and prioritised before new greenfield development is approved are developed.

5. The Northern Territory Government must work in partnership with councils to assess infrastructure needs, forecast future maintenance requirements and costs, and develop clear, collaborative approaches to funding and delivery to ensure infill development remains a priority and is supported by appropriate infrastructure and services.
6. Improved clarity on the current approach to planning and coordinating regional and remote land releases in the Northern Territory, including its prioritisation and coordination across Government is required, including the role of local government in the process.
7. Strengthened collaborative planning with direct local government participation to support forward planning for regional and remote land releases in the Northern Territory is critical to land release arrangements that are to be supported and maintained by local government.

## Responses to Productivity Commission information requests

1. Which regulatory reforms should governments prioritise to get more homes built more quickly?

The successful delivery and maintenance of housing is not solely limited by particular regulatory frameworks. Complex, interconnected structural challenges require transformation and investment to unlock opportunities and deliver much needed housing supply.

Governments must prioritise reforms that improve certainty but do not transfer unfunded risk to the local government sector that undermines sustainability and liveability dimensions.

The Commonwealth Government's recent announcement of the \$2 billion *Local Infrastructure Fund* and its inclusion of specific regional allocations (\$500 million) is a significant step toward creating conditions that support unlocking land and delivering new builds.

However, the Northern Territory local government sector does not have a direct or controlling role in the delivery of enabling infrastructure to support new builds. This role is fulfilled by Territory level agencies, such as the Department of Logistics and Infrastructure. As a result, emphasis must be placed on direct involvement of the local government sector in the planning phases of housing, not just consultation, as infrastructure service and maintenance responsibilities fall to the local government sector post-delivery.

In addition, as local government has infrastructure service and maintenance delivery responsibilities, it needs to be appropriately resourced to support an ambitious housing delivery agenda. Local government in the Northern Territory faces severe structural challenges, with limited own source revenue opportunities, including narrow rate bases. Many regional and remote councils have inadequate base budgets to fund required servicing of ongoing infrastructure needs for existing housing subdivisions, let alone the provision of new estates.

Local government in the Northern Territory, particularly in the regions where housing demand is urgent, requires significant financial support and capacity building to provide sustainable support to housing related infrastructure needs.

The *Local Infrastructure Fund* needs to ensure its inclusion of regional allocations enables local government in the Northern Territory access to capability development and ongoing support to mitigate viability and sustainability risks presented through transfer of service maintenance responsibilities.

### 3. Which recent reforms to approvals have been the most and least effective in increasing new housing supply?

Recent reforms to fast-track approvals for low-risk planning amendments are a step towards addressing bottlenecks in the approvals process, however, acceleration must be balanced with maintaining robust decision-making and meaningful consultation with local government. Broader reforms are still needed to support increased housing supply.

Infill development presents a significant opportunity to deliver more diverse, affordable, and sustainable housing across the Northern Territory. Councils are committed to working in partnership with government to ensure infill is strategically planned, supported by appropriate infrastructure, and aligned with community needs and aspirations. Strengthening early consultation with councils, prior to sites being identified will improve transparency, and coordinate infrastructure planning and investment.

LGANT recommends that planning policies, explicitly requiring that infill and redevelopment opportunities are fully explored and prioritised before new greenfield development is approved. This will ensure the most effective use of existing infrastructure, support housing diversity, and deliver more sustainable communities across the Territory.

The development of an infill policy enabling dual occupancy in residential areas, will deliver greater housing diversity, improve affordability, reduce urban sprawl, and maximize the use of existing infrastructure.

LGANT recommends the Northern Territory Government work in partnership with councils to assess infrastructure needs, forecast future maintenance requirements and costs, and develop clear, collaborative approaches to funding and delivery. This will ensure infill development remains a priority and is supported by appropriate infrastructure and services.

In addition, LGANT recommends capability development of the local government sector to support local consultation on infill development through appropriate resourcing.

### 4. Which specific zoning and land-use controls most limit the supply of new housing? What are the benefits to consider of specific land-use controls? How does this vary across particular Australian jurisdictions or areas?

Answered below under question 5.

### 5. How important are land release arrangements in limiting housing supply in an area, relative to other zoning and land-use controls?

Local government has a strong interest in the manner in which land is released, brought to market and serviced. When new land is developed councils inherit responsibility for many public assets within those developments. These assets require ongoing operation, maintenance and renewal, which can be significant imposts on councils that often operate with limited resources and within challenging geographical environments.

Planning in the Northern Territory is undertaken within a statutory framework, and for regional and remote communities, endeavours to address complex land use and regional and/or area plans. For example, where Aboriginal townships have existing area plans these are incorporated into the Northern Territory Planning Scheme. Where no formal planning framework exists, non-statutory "Community Land Use Plans" provide non-binding guidance.

Planning for future housing and infrastructure needs to anticipate population growth and social and economic growth aspects. It must be evidence based and grounded in current population and economic forecasts. However, currently there are several outdated existing land use plans that remain in use and present high risk to planning and land release arrangements. Examples of these are:

- The 2000 Coomalie Planning Concepts
- Litchfield Subregional Land Use Plan 2016
- 2014 Katherine Land Use Plan

There is also limited availability of freehold land in regional and remote areas. Some regional towns have underlying Crown land tenure arrangements and for others, Section 19 lease arrangements, compliant with the *Aboriginal Land Rights (NT) Act 1976* Cth. need to be negotiated. These arrangements require considered consultation and engagement and significant time investment.

There is also concern within the local government sector that a lack of consultation, collaboration, standardised methodology and transparency in the land planning and allocation process in regional settings limits social and economic opportunities. In the context of on-going population growth and the scale of current and emerging economic development initiatives, LGANT is concerned that the absence of a coordinated, strategic approach will have detrimental impact on community future sustainability.

LGANT recommends improved clarity on the current approach to planning and coordinating regional and remote land releases in the Northern Territory, including its prioritisation and coordination across Government. In addition, strengthened collaborative planning with direct local government participation to support forward planning for regional and remote land releases is critical to land release arrangements that are to be supported and maintained by local government.

## 7. What other regulations relating to housing-enabling infrastructure should be a priority for reform to increase new housing supply?

LGANT reiterates that the planning, provision and sustainable servicing and maintenance of enabling infrastructure presents a housing supply constraint and if not addressed strategically, transfers unfunded risk to the local government sector.

Local government in the Northern Territory, particularly in the regions where housing demand is urgent, requires significant financial support and capacity building to provide sustainable support to housing related infrastructure needs.

The *Local Infrastructure Fund* needs to ensure its inclusion of regional allocations enables local government in the Northern Territory access to capability developing and ongoing support to mitigate viability and sustainability risks presented through transfer of service maintenance responsibilities.