

22 September 2026

Danielle Wood
Chair, Productivity Commission
4 National Circuit
Barton, ACT, 2600

Dear Ms Wood

Housing Supply Regulation- Interim report

Bega Valley Shire Council welcomes the opportunity to provide feedback on the Housing Supply Regulation Interim Report prepared by the Productivity Commission. Council supports the report's recognition that increasing housing supply is one of Australia's most pressing policy challenges and agrees that planning systems, infrastructure delivery and regulatory settings all play an important role in enabling new housing.

As a regional council experiencing significant housing pressures, Bega Valley understands first-hand the impacts that housing shortages have on workforce attraction, economic development, service delivery, community wellbeing and social cohesion.

While councils are often identified as the most visible part of the housing approval system, it is important that the Productivity Commission's final report recognises the broader reality: councils operate within legislative and policy frameworks established by state governments and are frequently responsible for implementing reforms rather than setting them. At the same time, councils are expected to coordinate infrastructure, manage environmental and natural hazard risks, protect community values and facilitate growth with limited financial and resourcing capacity.

Council therefore encourages the Commission to ensure that local government is viewed as a critical partner in housing delivery rather than simply a regulatory gatekeeper.

Our critical role in housing supply

Councils are uniquely positioned at the intersection of strategic land use planning, infrastructure delivery, community engagement and development assessment. We are responsible for preparing and implementing local strategic planning frameworks, identifying and planning future housing growth areas, delivering and maintaining local infrastructure that supports housing, assessing development applications, coordinating with utility providers and state agencies and importantly balancing housing outcomes with environmental, hazard, infrastructure and community considerations.

The Productivity Commission correctly identifies the importance of strategic planning, infrastructure coordination and streamlined approvals. However, in our community, housing supply challenges are often driven as much by infrastructure constraints, utility servicing, topography constraints, workforce shortages and development feasibility as they are by planning controls.

For many regional councils, the challenge is not an unwillingness to accommodate housing growth. Rather, it is ensuring that growth can occur in locations with adequate infrastructure, environmental resilience and service capacity, while managing substantial financial and resource constraints.

How we have been supporting housing supply

Council strongly supports the Productivity Commission's emphasis on enabling a broader range of housing types and reducing unnecessary regulatory barriers. Importantly, Council has already undertaken significant reform and continues to proactively pursue initiatives that increase housing opportunities throughout the shire.

We have implemented inclusionary zoning provisions to support affordable housing outcomes. We have reduced minimum lot sizes in appropriate locations to facilitate greater housing diversity and subdivision opportunities. We have sought grant funding and developed structure plans to guide future urban release areas to ensure growth is coordinated with infrastructure. We have updated development controls to improve flexibility and support housing delivery and continued strategic planning work to identify future housing opportunities across the shire.

These initiatives align strongly with many of the Productivity Commission's proposed reform directions relating to land use controls, housing diversity and increased development capacity.

Council has also undertaken a detailed review of its development assessment services to improve efficiency and streamline assessment processes. This work has focused on reducing unnecessary administrative burdens for applicants, improving assessment processes and turnaround times, and enhancing customer service and development facilitation.

These improvements demonstrate that councils can and do actively pursue efficiency measures where opportunities exist. However, further gains will often depend on broader state-led reforms, referral agency engagement, utility provider responsiveness and infrastructure delivery funding and capability.

Housing supply constraints

The interim report appropriately identifies infrastructure planning and delivery as fundamental enablers of housing supply. This issue is particularly significant in regional areas such as the Bega Valley.

Council's experience is that housing growth can be constrained by our financial capacity to invest in new assets to meet the needs of a growing community. This can include investment in water and sewer assets, transport infrastructure such as roads, drainage and stormwater along with broader community infrastructure such as pathways and recreation facilities. In the Bega Valley we also must

consider the significant natural hazards our community may face, including bushfire, flooding and coastal hazards.

While councils are often expected to facilitate growth, they are also revenue constrained, with many struggling to maintain the current assets they have. Housing growth needs to be supported by appropriate public infrastructure and this can be a challenge for smaller regional councils to deliver.

Council strongly supports the Productivity Commission's focus on better infrastructure sequencing, stronger coordination across government and infrastructure providers, and a greater Australian Government role in enabling housing-supporting infrastructure. This is particularly important for regional communities like ours where sustained investment in enabling infrastructure will be critical if housing targets are to be achieved.

National leadership is needed to unlock innovative housing Solutions

Council also welcomes the Productivity Commission's focus on enabling more diverse housing choices and alternative housing typologies. We have previously advocated for national leadership to support the use of "tiny homes" and other small, affordable dwellings by working with state and territory governments to address planning, regulatory and policy barriers that currently limit their approval and deployment.

Tiny homes and other small-footprint housing solutions can provide practical and flexible accommodation options however, councils across Australia currently face significant uncertainty due to inconsistent planning, regulatory and policy frameworks governing tiny homes and similar housing products.

The treatment of tiny homes varies considerably between jurisdictions and often lacks clear pathways for approval. This creates barriers for councils, landowners, housing providers and communities seeking practical housing solutions.

While land use planning remains primarily a state responsibility, Council believes the Australian Government has an important leadership role to play by working with states and territories to improve consistency in regulatory approaches, supporting the development of nationally recognised definitions and standards and by supporting research, pilot programs and demonstration projects.

Importantly, a nationally coordinated approach would not undermine local planning controls. Rather, it would support councils by providing clearer regulatory pathways to consider these housing solutions within local planning contexts.

Council encourages the Productivity Commission to specifically consider tiny homes, movable dwellings and other small-scale affordable housing options as part of its final recommendations regarding housing diversity and housing supply reform.

Supporting Local Government capacity

The Productivity Commission notes the important role that local governments play in applying housing regulations and planning controls. However, any reform agenda must acknowledge that many regional councils are operating within constrained financial environments.

Councils are being asked to deliver more housing, assess increasingly complex applications, plan for population growth, address climate and hazard risks, deliver infrastructure and meet growing community expectations. Our role is broad and substantial and reform outcomes will be enhanced if governments invest in local government capability, planning resources, digital systems and infrastructure planning capacity alongside broader regulatory reform.

Council supports the Productivity Commission's objective of increasing housing supply and improving housing affordability across Australia. Our experience demonstrates that local governments are not waiting for reform. Bega Valley has already implemented significant planning and assessment reforms, facilitated housing diversity, reduced barriers to development and actively pursued solutions to increase housing opportunities.

We encourage the Commission's final report to recognise that:

- Local governments are essential partners in housing delivery.
- Many councils have already implemented substantial housing reforms.
- Infrastructure constraints are often a more significant barrier than local planning controls.
- Regional councils require greater infrastructure support and resourcing.
- National leadership is needed to unlock innovative and affordable housing solutions such as tiny homes.
- Housing reform should focus on collaboration between all levels of government rather than placing disproportionate responsibility on local councils.

Council looks forward to continuing to work with all levels of government to support the delivery of diverse, affordable and well-located housing in regional Australia.

Yours sincerely

Anthony McMahon
Chief Executive Officer