

Productivity Commission Interim Report – Housing Supply Regulation

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 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 Governments.

WALGA welcomes the opportunity to comment on the Productivity Commission's *Interim Report on Housing Supply Regulation*.

WALGA's previous submission recognised Australia's significant housing supply challenge and supported reforms that improve the efficiency, certainty and effectiveness of the planning and development system. Local Governments across Western Australia remain committed to facilitating well-planned housing growth and working collaboratively with State and Commonwealth governments, industry and communities to increase housing supply.

WALGA agrees with the Commission that housing outcomes are shaped by interconnected factors, including planning systems, infrastructure provision, construction productivity, workforce capacity and market conditions. However, the Interim Report gives disproportionate weight to development approval processes without establishing that they are the principal constraint on housing delivery. Western Australian evidence indicates that infrastructure availability, workforce capacity, construction costs, finance and market conditions have at least an equal—and often greater—influence on whether approved housing proceeds to commencement, completion and occupation. The final report should therefore assess regulation within the full housing delivery system and prioritise reforms according to their demonstrated effect on completed dwellings.

Key Recommendations

WALGA supports the Interim Report's emphasis on infrastructure coordination and more consistent performance information. The Commission should not recommend further structural changes to approval pathways or local decision-making unless evidence demonstrates that those changes will increase housing commencements or completions. The final report should instead prioritise evaluation of existing reforms, investment in housing-enabling infrastructure, workforce capability and transparent reporting across the full housing pipeline.

WALGA recommends that the Commission:

- **Evaluate the outcomes of existing planning reforms before pursuing further structural change**, including assessing the effectiveness of recent planning streamlining and centralisation initiatives in increasing completed housing supply.
- **Adopt a whole-of-system view of housing delivery**, recognising that development approvals form only one stage of a broader housing delivery pipeline that includes infrastructure servicing, finance, workforce capacity, construction activity and project completion.
- **Strengthen the focus on housing-enabling infrastructure**, including improved infrastructure coordination, long-term funding arrangements, greater alignment between housing and infrastructure planning, and mechanisms to support infrastructure delivery ahead of development.

- **Recognise Local Government capability as a productivity issue**, with workforce shortages in planning, engineering, building surveying and related professions representing a growing constraint on housing delivery.
- **Support nationally consistent housing pipeline reporting**, including measures that track approvals, commencements and completions to better identify where housing projects stall.
- **Ensure future reforms are evidence-based and supported by implementation planning**, including appropriate resourcing, workforce development and transition arrangements.
- **Recognise Local Governments as housing delivery partners**, reflecting their critical role in strategic planning, infrastructure delivery, development assessment and community engagement.

Taken together, these recommendations would shift the focus from accelerating individual approval processes to improving the performance of the housing delivery system as a whole. This approach is more likely to increase housing supply because it directs reform towards the constraints that prevent approved projects from commencing and being completed.

Comments

Housing Supply Requires a Whole-of-System Approach

WALGA supports reforms that improve the efficiency, consistency and predictability of planning systems. However, the Commission should be careful not to conflate correlation with causation when assessing the factors constraining housing supply.

There is evidence that planning systems influence housing supply outcomes over the long term. WALGA recognises that increasing housing supply will require additional housing diversity and greater residential density in appropriate locations across Western Australia. Well-planned infill development and higher-density housing in areas supported by transport, employment and community infrastructure will play a significant role in meeting future housing demand.

WALGA also acknowledges that restrictive zoning and density controls can constrain housing opportunities over the long term. However, increasing permissible density is not sufficient to guarantee housing delivery. Planning frameworks can enable higher-density development, but they cannot compel landowners or developers to build to the maximum yield permitted under a planning framework. In practice, the density ultimately delivered is influenced by construction costs, financing conditions, market demand, infrastructure availability, development risk and project feasibility. Consequently, development frequently occurs at densities lower than those theoretically enabled by planning controls.

Up-zoning may therefore increase potential housing capacity and should be considered an important enabling reform, but potential capacity should not be assumed to translate directly into completed dwellings. Reforms that increase density allowances are likely to be most effective when combined with measures that address infrastructure constraints, construction productivity, workforce shortages and development feasibility.

Housing delivery depends on a sequence of interdependent stages. Development approval is necessary, but it is not sufficient to move a project through construction to occupation. Delivery also depends on infrastructure and utility servicing, finance, construction costs and capacity, workforce availability, market conditions and developer sequencing. A constraint at any stage can stop an approved project from commencing or being completed. The relevant policy test is therefore not which stage takes the longest, but which constraints are having the greatest impact on the delivery of housing. Faster approvals will not increase supply where the binding constraint lies elsewhere in the pipeline.

Housing delivery pipeline



This distinction is fundamental to improving housing productivity. Accelerating one stage of the pipeline will not increase housing completions where the binding constraint lies in infrastructure provision, utility servicing, labour availability, finance or construction capacity.

WALGA encourages the Commission to evaluate performance across the entire housing delivery pipeline and prioritise reforms according to their demonstrated effect on dwelling commencements, completions, and occupation. Development approval timeframes may provide an indicator of administrative performance, but they should not be treated as a proxy for housing supply outcomes. Reform priorities should be supported by evidence showing how an intervention will increase dwelling commencements or completions, not merely shorten a regulatory process.

Accordingly, planning reform should form one element of a broader productivity agenda encompassing infrastructure investment, workforce capability, construction productivity, utility servicing and coordinated implementation across all levels of government.

Western Australian evidence supports the need to distinguish approval performance from housing delivery outcomes. [WALGA's Local Government Performance Monitoring Project](#), undertaken annually since 2017 and covering Local Governments representing approximately 92 per cent of Western Australia's population and 96 per cent of population growth in 2024–25, shows that participating Local Governments processed a high volume of applications while maintaining consistent performance. In 2024–25, they determined more than 73,600 development, subdivision and building applications, 17 per cent more than in the previous year. Development applications had a 99 per cent approval rate, 98 per cent were determined under delegated authority and 87 per cent were approved within statutory timeframes, despite a reduction in full-time equivalent staff across participating Local Governments.

Over the same period, Local Governments assessed development applications with a total value exceeding \$10 billion. Together with high approval rates and high rates of compliance with statutory timeframes, this demonstrates the scale of Local Government assessment activity. It also reinforces the need for the Commission to examine what happens after approval before attributing housing delivery outcomes to development assessment processes.

While development approvals remain an important part of the housing delivery system, these results indicate that the key policy challenge is understanding why approved housing does not always progress to commencement and completion, rather than assuming that approval processes are the primary constraint.

WALGA encourages the Commission to place greater emphasis on the distinction between approvals, commencements and completions when assessing housing system performance. The Commission should recommend nationally consistent housing pipeline reporting from land supply and approvals through to commencement, completion and occupation so that the actual points of delay within the housing delivery process can be identified and addressed. Improved visibility of where projects stall would help identify the true constraints on housing delivery and better target future reforms.

Housing Enabling Infrastructure is a Binding Constraint on Supply

WALGA welcomes the Commission's recognition that **enabling infrastructure is critical to increasing housing supply**. The Interim Report identifies improved infrastructure coordination as one of the reforms most likely to improve housing outcomes.

Local Governments play a vital role in delivering and maintaining infrastructure that supports residential growth, including local roads, drainage systems, public open space and community facilities. However, Local Governments have limited revenue-raising capacity and face growing challenges funding infrastructure required to support new development.

Housing targets cannot be considered independently of infrastructure provision.

Western Australia's experience demonstrates the importance of infrastructure sequencing. The Shire of Serpentine Jarrahdale provides a practical example of how housing supply can be constrained by infrastructure availability rather than planning regulation. The Shire is one of the fastest growing local governments in Western Australia, and the State has identified Mundijong as a major future growth area through both regional and sub-regional planning frameworks. Significant State Government investment has already occurred within the broader south-east corridor, including the Tonkin Highway Extension and Byford Rail Extension, creating a strong foundation for future housing growth.

Despite these enabling investments, the absence of infill sewer infrastructure within the Mundijong Town Centre remains a critical constraint on housing delivery. The Shire has identified capacity for approximately 2,500 additional dwellings through its structure planning work; however, this development potential cannot be fully realised without wastewater servicing infrastructure. In this instance, planning frameworks, land availability and strategic transport investment are already in place, yet housing delivery remains dependent on the provision of enabling infrastructure.

This example shows why housing policy, infrastructure planning and funding programs must be coordinated. Wastewater investment in Mundijong would unlock planned capacity for approximately 2,500 additional dwellings while leveraging existing transport investment in the south-east corridor. The Commonwealth's Local Infrastructure Fund provides a potential mechanism to address constraints of this kind in strategically identified growth locations.

The Commission should strengthen its final recommendations regarding:

- integrated housing and infrastructure planning
- earlier delivery of enabling infrastructure
- greater certainty around development contribution arrangements
- coordination between planning authorities and servicing agencies
- long-term infrastructure funding partnerships involving Local Government.

Development contribution arrangements also play an important role in enabling housing supply by funding infrastructure required to support growth. WALGA considers that infrastructure funding mechanisms, including Development Contribution Plans, should be predictable, transparent, efficiently structured, aligned with growth and capable of supporting timely infrastructure delivery. These characteristics are essential if infrastructure is to keep pace with housing development and provide certainty to developers, communities and infrastructure providers.

A key challenge within many growth areas is the timing mismatch between infrastructure delivery and contribution collection. Essential infrastructure is often required early to facilitate development and support new communities, while development contributions are collected progressively over many years as development occurs. This can create funding shortfalls, delay infrastructure delivery and constrain housing outcomes, even where planning frameworks, approvals and development capacity are already in place.

In this context, the Commission should consider infrastructure prefunding mechanisms that enable critical infrastructure to be delivered ahead of development, with costs recovered progressively as growth occurs. Such mechanisms would help overcome the timing mismatch between upfront infrastructure expenditure and later contribution revenue, particularly in designated growth areas where infrastructure servicing is preventing planned housing from proceeding.

Local Government Capability is a Productivity Issue

WALGA supports the Commission's focus on productivity and workforce capability across the housing delivery system.

The housing system relies on planners, engineers, environmental professionals, building surveyors and construction workers across both public and private sectors. Local Governments across Western Australia continue to experience workforce shortages and capability constraints, particularly in specialised planning, building and infrastructure roles.

These challenges should be recognised as productivity constraints rather than solely administrative issues. Planning reforms that increase development activity without corresponding investment in implementation capability risk shifting bottlenecks from one part of the system to another.

The acute shortage of building surveyors in Western Australia provides a clear example of this issue. Building surveyors play a critical role in housing delivery by assessing building permit applications, undertaking compliance functions and ensuring homes can progress through the building approval and occupancy stages. However, WALGA's research has consistently identified building surveying as one of the most difficult professions for Local Governments to recruit and retain.

Recent surveys undertaken by WALGA indicate an ageing building surveyor workforce, increasing retirement pressures and limited recruitment pathways. In 2025, almost one-third of surveyed Local Government building surveyors indicated they expected to leave Local Government within the next four years, while many younger practitioners reported intentions to leave for higher-paid opportunities in the private sector. WALGA's research also identified a lack of accessible training opportunities in Western Australia and ongoing concerns regarding remuneration, workload and professional risk.

These workforce challenges have implications beyond Local Government employment. Building surveyors are responsible for critical regulatory functions that support housing delivery, including building permit assessment, compliance activities and, increasingly, inspection responsibilities under proposed building reforms. WALGA's 2025 survey found that 43 per cent of respondents were not confident or unsure about undertaking site inspections, with inadequate training identified as the primary reason. At the same time, forthcoming reforms are expected to place additional inspection responsibilities on a profession already experiencing workforce shortages.

Technology and digital systems can also improve productivity across the housing delivery system. Investment in digital planning systems, data sharing and automation has significant potential to deliver faster routine assessment processes and enable scarce specialist staff to focus on more complex planning, building and infrastructure matters.

The broader lesson is that regulatory reforms are only as effective as the workforce available to implement them. Accelerating approval pathways or increasing housing targets will have limited impact if critical professions such as building surveyors, planners and engineers are unable to meet growing demand. Addressing workforce shortages should therefore be viewed as a productivity measure that enables housing delivery rather than simply as an operational issue for councils.

The Commission should consider and make recommendations relating to:

- workforce development
- professional training and education pathways
- digital capability
- regional workforce attraction and retention
- implementation support for Local Governments
- targeted initiatives to address shortages in critical housing-related professions, including building surveyors.

Planning Reform Should Improve Certainty While Retaining Appropriate Local Decision-Making

WALGA supports planning reforms that improve certainty and predictability for applicants, communities and decision-makers. However, greater consistency does not necessarily require centralisation or the diminution of local decision-making. Responsibility should remain with the level of government closest to and most directly affected by a proposal, unless evidence demonstrates that an alternative pathway would deliver better housing outcomes. All decisions should be made within clear and transparent planning frameworks.

Planning systems perform multiple public policy functions beyond facilitating housing supply, including:

- coordinating infrastructure
- managing environmental risks
- achieving appropriate urban design outcomes
- maintaining community amenity
- supporting broader social, environmental and economic objectives.

Planning systems play a central role in creating sustainable, liveable and resilient communities. In this context housing supply is considered in conjunction with other considerations including accessibility, public amenity, environmental performance, community infrastructure, urban design and place-making. These objectives are compatible with housing growth: in many locations, additional supply and density will be necessary, but successful development depends on integrating growth with infrastructure, services and place-based planning.

Western Australia encompasses a diverse range of metropolitan, regional, rural and remote communities. Consequently, planning reforms should maintain sufficient flexibility to recognise differing community circumstances, environmental conditions, growth pressures and settlement patterns rather than assuming a single regulatory approach will be effective across all locations.

Importantly, successful housing reform requires community confidence in planning outcomes. While consultation processes should be proportionate and efficient, reforms are more likely to achieve enduring outcomes when informed by meaningful community engagement and supported by transparent decision-making processes.

Rather than reducing local involvement, reform efforts should focus on:

- enabling strategic planning
- establishing clear assessment pathways
- reducing duplication between agencies
- providing greater clarity regarding expected development outcomes.

Such an approach can improve efficiency while maintaining public confidence in the planning system.

Evaluating the Impact of Planning Reforms

Western Australia has undertaken significant planning reform since 2019, including expanded development assessment pathways, greater centralisation of planning functions, broader officer delegations, housing acceleration initiatives and measures intended to streamline approvals and reduce regulatory burden. While these reforms have generally sought to improve efficiency, consistency and housing supply outcomes, there has been limited public evaluation of whether they have increased dwelling commencements, completions or occupation.

WALGA encourages the Commission to evaluate existing reforms before recommending further structural change. The evaluation should test whether planning reforms have increased dwelling commencements, completions and occupation; whether streamlined or centralised assessment pathways have produced measurable housing benefits; where delays occur across the housing delivery chain; and how different planning and governance arrangements affect outcomes across jurisdictions.

Evidence-based evaluation is essential to identifying which reforms deliver genuine housing supply outcomes. This is particularly important in Western Australia, where substantial planning reform has already occurred but the effects of those reforms on housing delivery have not been comprehensively assessed. Without that evaluation, there is a risk that further reforms target the most visible parts of the system rather than the factors that most significantly constrain housing delivery.

Western Australia's State Significant Development pathway, now administered through the State Development Assessment Unit (SDAU), highlights the importance of assessing housing outcomes rather than approval processes alone. [WALGA's analysis](#) found that the permanent State Significant Development pathway accounted for only a very small proportion of total dwellings approved in Western Australia and that many projects approved through earlier pathways had not yet progressed to construction. This suggests that additional, centralised or streamlined approval pathways do not, by themselves, resolve broader constraints such as infrastructure availability, workforce shortages, construction costs and project feasibility.

Similarly, [recent reforms](#) removing elected Council decision-making for single-house development applications by mandating such decisions be made by Local Government officers, were justified on the basis that they would reduce red tape and accelerate housing delivery. However, [WALGA's review of 46 Local Governments](#) found that only 2.75 per cent of all relevant development applications were determined by councils, while 98.6 per cent of development applications were approved overall and more than 91 per cent of council-determined applications were consistent with officer recommendations. The analysis concluded that only a small number of residential applications would have been affected by the reforms and that the anticipated housing supply benefits were likely overstated.

These examples show why planning reforms should be assessed against dwelling commencements, completions and occupation, not only changes to approval processes or decision-making arrangements. Without that outcome-based assessment, reforms may alter administrative pathways while leaving the principal constraints on housing delivery unresolved.

Frequent regulatory change can also create uncertainty for industry, Local Government and infrastructure providers, reducing the effectiveness of reforms and increasing implementation costs. Reform programs should therefore include robust evaluation, performance monitoring and post-implementation review before further structural change is pursued.

Accordingly, WALGA encourages the Commission to place greater emphasis on evaluating existing reforms, identifying the factors that most directly influence dwelling commencements, completions and occupation, and ensuring future reforms are supported by robust evidence regarding their likely impact on housing delivery.

Conclusion

WALGA supports the Commission's objective of increasing housing supply and improving housing affordability.

While planning reform has a role to play, housing delivery outcomes are equally dependent on infrastructure provision, workforce capability, construction productivity and effective intergovernmental coordination.

The Commission's final report should prioritise the constraints that most directly limit dwelling commencements, completions and occupation, including enabling infrastructure, workforce capability, construction productivity and intergovernmental coordination. It should recommend further changes to approval pathways only where evidence demonstrates that those changes will deliver additional housing. This whole-of-system approach would target the points at which projects stall rather than treating faster regulatory processes as a proxy for increased supply.

WALGA remains committed to working collaboratively with all levels of government to support practical, evidence-based reforms that increase housing supply while maintaining the liveability, resilience and sustainability of Western Australian communities.

WALGA appreciates the opportunity to provide feedback on the Interim Report and welcomes further engagement with the Productivity Commission as it prepares its final report.

Should you wish to discuss this submission, please contact Chris Hossen, Policy Manager, Planning and Building at [\[Redacted\]](#) or [\[Redacted\]](#).