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Productivity Commission
Australian Government

Dear Commissioners

Submission on Housing Supply Regulation: Interim Report

On behalf of the Limestone Coast Local Government Association (LCLGA), I am pleased to provide the enclosed submission in response to the Productivity Commission's Interim Report, *Housing supply regulation: Toward more homes, faster*.

The Limestone Coast is seeking to enable sustainable population and economic growth while protecting the productive lands, environmental assets and community character that underpin our region's prosperity and liveability. Our submission emphasises that regional housing constraints cannot be resolved through land release or faster approvals alone. Increasing supply depends on land being genuinely development-ready, with coordinated infrastructure, viable servicing, appropriate funding and a clear pathway from approval to occupation.

Councils are essential delivery partners in this task. They plan, fund, deliver and maintain much of the infrastructure and services on which new housing relies. In some regional communities, persistent market failure is also compelling councils to step beyond their traditional enabling role and directly fund or deliver housing. This creates a significant tension between growing frontline responsibilities and the imperative to maintain long-term local government financial sustainability.

LCLGA therefore encourages the Commission's final report to recognise local government as a core implementation partner; distinguish zoned land from serviced and commercially feasible land; strengthen infrastructure capacity mapping and investment sequencing; and support direct Commonwealth and State co-investment where housing-enabling infrastructure must precede development or exceeds local financial capacity. Reform should accelerate housing delivery without transferring unfunded obligations or disproportionate risk to councils and existing ratepayers.

Thank you for the opportunity to contribute to this important inquiry.

Yours sincerely

Mayor Lynette Martin OAM

President
Limestone Coast Local Government Association



Introduction

The Limestone Coast Local Government Association (LCLGA) welcomes the opportunity to provide a submission to the Productivity Commission's Housing Supply Regulation inquiry and to comment on the Interim Report, *Housing supply regulation: Toward more homes, faster*.

Local Government in Limestone Coast has been working together for over 140 years. Since the first association of councils was formed in October 1885, Local Government across the region has helped build community and economic prosperity through cooperation.

The Limestone Coast Local Government Association is a regional subsidiary established pursuant to Section 43 of the Local Government Act 1999 by the:

- City of Mount Gambier;
- Southern Limestone Coast Council;
- Kingston District Council;
- Naracoorte Lucindale Council;
- District Council of Robe;
- Tatiara District Council.

As the peak body representing Local Government in the Limestone Coast, the Limestone Coast Local Government Association (LCLGA) takes a lead to advocate on behalf of the region across a wide range of issues with the goal of continuing the 140-year history of collectively building strong, sustainable communities.

As the closest level of government to the people, local government plays a critical role in understanding the needs of local communities and advocating for the support required to deliver infrastructure and services to enable sustainable population growth, projected to reach over 85,000 by 2051. Councils within the Limestone Coast recognise the potential for economic growth to enable a highly productive and prosperous community that will continue to contribute significantly to the South Australian economy.

Our Vision for the Limestone Coast;

- Regional growth that is considered and sustainable.
- Communities that are supported with the services and infrastructure needed to thrive now and generations into the future.
- To maintain our competitive advantage and global reputation for the clean, green environment and the food and fibre that is produced from our resources
- A diverse economy that is resilient and balanced
- A highly attractive region in which to live, work, visit and invest.

LCLGA is seeking to enable sustainable population and economic growth while preserving the productive lands, environmental assets, coastal landscapes and community character that underpin the region's prosperity and liveability. Local government is not peripheral to this task: councils are planning partners, infrastructure providers, asset managers, regulators, service



providers and the closest level of government to the communities where new housing must be delivered.

Regional context

The [Limestone Coast Regional Plan](#) identifies housing, infrastructure and tourism as major priorities for the region. The region is projected to grow from 68,542 people in 2021 to 86,587 people by 2051 under the high-growth scenario, requiring an estimated 8,805 additional dwellings by 2051. This equates to approximately 294 new dwellings each year.

The region has a generally adequate supply of zoned residential land on paper, but not all of that land is development-ready. Servicing limitations, landowner intentions, infrastructure capacity, market conditions, construction costs and environmental constraints all affect whether zoned land can be converted into completed homes.

Housing availability is also central to workforce attraction and retention. The Regional Plan identifies a shortage of suitable housing as a key factor affecting workforce availability across the Limestone Coast, including for essential workers, seasonal and temporary workers, older residents, people with disability, single-person households and families.

Summary of LCLGA's position

LCLGA supports the Productivity Commission's overarching objective of enabling more homes in the right places and agrees that housing supply regulation should be assessed against the principles of net community benefit, simplicity, certainty, transparency, infrastructure coordination and long-term liveability.

For regional communities, however, housing supply challenges are rarely solved by land release alone. The Limestone Coast experience demonstrates that the central issue is whether land is genuinely development-ready: serviced, infrastructure-enabled, commercially feasible, appropriately located and capable of supporting liveable communities over the long term.

Housing supply will not be increased by treating councils as the cause of delay or as a passive implementation arm. Councils are essential delivery partners. All new housing is ultimately delivered in local places and relies on local infrastructure, local services, community acceptance, statutory assessment, post-approval coordination and long-term asset management. Reform that shifts responsibilities to councils without funding, data access or decision-making authority will not accelerate housing supply; it will increase risk, create unfunded obligations and weaken the liveability of the communities being created.

Broadly speaking, any changes to housing supply regulation should aim to:

- recognise infrastructure capacity and sequencing as fundamental components of housing supply policy;
- distinguish clearly between zoned land and development-ready land in national housing supply reporting;



- support transparent infrastructure capacity mapping and long-term investment sequencing across state agencies, utilities and local government;
- strengthen funding mechanisms for housing-enabling infrastructure, including direct Commonwealth and State co-investment where infrastructure must precede development or benefits extend beyond one development;
- support flexible regional infrastructure models, including off-grid, decentralised and third-party delivery models where conventional servicing is cost-prohibitive;
- ensure regulatory reform does not undermine long-term liveability, climate resilience, environmental protection, cultural heritage or protection of productive agricultural land; and
- recognise local government's role as a delivery partner, infrastructure owner, regulator and advocate for community outcomes.

Alignment with Regional Population Planning

Recent research by the Regional Australia Institute reinforces LCLGA's position that regional housing supply cannot be separated from population planning, infrastructure sequencing, workforce attraction and service delivery. The RAI's *Regional Population Planning* report recommends a nationally coordinated regional population settlement strategy, regular integrated regional plans, stronger regional input into population projections, improved regional planning capacity and increased investment in regional housing and liveability. These recommendations are directly relevant to the Productivity Commission's housing supply reform agenda. They demonstrate that regional housing reform must be place-based, infrastructure-enabled and developed in partnership with local government, rather than approached solely as a regulatory approval issue. Population growth in regional Australia is accelerating, yet regional population planning systems are failing to keep pace with this changing and growing demand, resulting in persistent misalignment between population dynamics and investment decisions, most visibly reflected in housing shortages, infrastructure gaps, and constrained service delivery.

More homes in the right places

LCLGA supports the Commission's emphasis on delivering more homes in places where they provide the greatest net benefit. In the Limestone Coast, the "right places" are those where housing can be supported by water, wastewater, energy, local roads, stormwater, digital connectivity, public transport, health, education, recreation, open space and community services.

The Regional Plan highlights that while residential land supply is generally available, development is constrained by infrastructure limitations including wastewater systems, water and electricity supply, transport networks and digital connectivity. This distinction is critical. A measure of housing supply that counts zoned land without assessing whether it is serviced, infrastructure-ready and commercially feasible risks overstating the practical pipeline of homes.



LCLGA therefore strongly supports the Commission's proposal to distinguish land that is zoned residential from land that is serviced, approved, infrastructure-ready and commercially feasible. This approach should be embedded in national housing supply reporting and should inform Commonwealth, State and local infrastructure investment priorities.

Infrastructure planning must be central to housing supply reform

LCLGA supports Reform Directions 4.1 and 4.2, which call for infrastructure planning to be better coordinated with housing objectives and for infrastructure sequencing to align with land release and development. These directions are strongly consistent with the Limestone Coast Regional Plan, which emphasises integrated planning, infrastructure capacity analysis, benchmarks and trigger points for investment, and transparent land supply and infrastructure prioritisation.

Local governments are expected to plan, fund, deliver, operate, maintain and renew local infrastructure while also aligning with State and national housing objectives. To undertake this role effectively, councils require a clear line of sight to State Government, utility and infrastructure provider capacity, investment intentions and anticipated delivery timeframes. They also require a genuine role in policy design and implementation, not merely consultation after housing targets, growth fronts or regulatory changes have already been determined.

Without this information, councils may be required to plan local roads, stormwater, community wastewater systems, open space and community infrastructure without knowing whether potable water, sewerage, energy, arterial transport, public transport, schools, health services or digital infrastructure will be available to support the same growth.

The key accountability question should not be whether councils can process applications faster in isolation, but whether the full housing pipeline is functioning from land identification and rezoning through to approval, commencement, infrastructure connection, completion and occupation. Nationally consistent end-to-end pipeline data would help distinguish between delays caused by planning assessment, infrastructure bottlenecks, utility connection timeframes, financing, construction capacity, market feasibility or post-approval conditions.

LCLGA recommends that the final report include a stronger requirement for transparent infrastructure capacity mapping and long-term investment sequencing, including public reporting of existing capacity, known constraints, planned upgrades, indicative timeframes and responsible agencies.



CASE STUDY 1 – City of Mount Gambier

The Limestone Coast Region is projected to grow by approximately 18,000 residents by 2051, with the majority of this growth expected to occur within and around Mount Gambier. As the regional capital and primary service centre of the Limestone Coast, Mount Gambier has identified opportunities for both infill redevelopment and greenfield expansion to increase housing supply and provide greater housing choice.

The City of Mount Gambier has undertaken strategic planning to support residential growth and housing diversity in line with regional population projections and continues to commit investment in CBD master planning to accommodate future development. The State Government has made its own commitment to develop the Greater Mount Gambier Master Plan within the Limestone Coast Regional Plan; this work has the following timeframe 01/2026- 01/2027 with the responsible agency listed as the Department for Housing and Urban Development (DHUD). This work has not yet commenced and given the strategic importance of the Master Plan to future land supply, housing, infrastructure planning, economic development and regional investment, there is significant interest from the City of Mount Gambier, stakeholders, and the broader community regarding its progress.

Uncertainty regarding the capacity of existing water and sewer infrastructure continues to create challenges for long-term growth planning and housing delivery. Access to timely and reliable information about infrastructure servicing capacity is critical for councils, landowners and developers when assessing development feasibility, planning infrastructure investment and bringing new housing to market. While assessments of network capacity may be undertaken by infrastructure providers, detailed information is not always readily available to local government or development proponents.

Council has observed that uncertainty regarding servicing capacity and infrastructure augmentation requirements can add complexity to development planning and increase project risk. Where information on network capacity, required upgrades or delivery timeframes is not available early in the development process, investment decisions may be delayed and housing projects become more difficult to progress efficiently. Developers when faced with uncertainty naturally choose the easiest path with less risk, which may not necessarily equate to the best land usage.

The City of Mount Gambier's experience demonstrates how limited visibility of essential infrastructure information can affect the timely and cohesive delivery of housing. In growing regional centres, improving certainty around infrastructure capacity is an important factor in supporting efficient planning processes, facilitating private sector investment, and enabling housing supply to respond to community demand. Immediate action is required to deliver a master-planned city that provides clear direction for future growth. This must include concise advice on infrastructure network capacity and certainty around the upgrades needed to unlock housing supply and support economic development.

Funding housing-enabling infrastructure

Planning reform and coordination will not be sufficient if the infrastructure required to unlock housing cannot be funded and delivered at the right time. In regional areas, infrastructure often needs to be provided ahead of development and before the associated revenue base has grown. This creates a structural timing mismatch for councils and infrastructure providers.

Housing growth also creates new assets that must be operated, maintained and renewed over their lifecycle. For local government, this means housing supply reform is also a financial sustainability issue. Councils should not be expected to carry disproportionate financial risk, forward-fund infrastructure from limited revenue bases, or absorb ongoing maintenance obligations for infrastructure that supports State and national housing objectives.

In some regional communities, persistent market failure is also requiring councils to step beyond their traditional enabling role and directly fund or deliver housing. The intersection between growing concerns regarding local government financial sustainability and growing pressure for councils to assume these new frontline responsibilities creates a significant strategic and operational challenges.

LCLGA supports developer contributions where there is a clear nexus between the development and the infrastructure required. However, contributions should be predictable, transparent, proportionate and designed to avoid first-mover disadvantage. Where infrastructure benefits multiple developments, broader communities or regional economic productivity, direct State and Commonwealth co-investment should be available.

Development contributions need reform, not simple reduction. Poorly designed contributions can affect feasibility and should be made more transparent, predictable and proportionate. However, reducing, capping, deferring or removing contributions without replacement funding risks transferring the cost of growth to councils and existing ratepayers and may delay the very infrastructure required to convert approvals into serviced and occupied homes.

The Commonwealth's proposed role in financing infrastructure should not be limited to loans in regional areas. Direct grants, concessional finance, risk underwriting and pre-funding mechanisms are all relevant tools, particularly where infrastructure must precede development, where costs exceed local government capacity, or where benefits extend beyond the immediate development site.



CASE STUDY 2 – Tatiara District Council

Tatiara District Council is developing a 5.8-hectare residential housing estate in Bordertown SA to provide new homes for essential workers to address workforce shortages and support economic growth.

Renewal SA allocated a total of \$2.7 million for an initial five homes and early subdivision and civil works to help de-risk the development and respond to the growing need for housing in the area.

Tatiara District Council also secured \$779,318 through Renewal SA's Regional Housing Initiatives Program (RHIP) for the second stage of the development, following a 2024 application process targeting housing projects in economic growth areas that require assistance to get started.

Thanks to this investment and partnership between government agencies, the resulting 55 new homes will mark a significant step toward addressing housing shortages in the region and supporting economic growth in Bordertown.

Regional housing diversity and workforce housing

The Limestone Coast requires not only more housing, but a broader mix of housing options. Identified demand for housing includes for older people, people with disability, smaller and single-person households, seasonal and temporary workers, key workers, tourists and families.

LCLGA supports reforms that make it easier to deliver diverse housing types, including smaller dwellings, adaptive re-use of existing buildings, well-located infill, worker accommodation and appropriately planned rural or off-grid housing models. These reforms should be supported by flexible planning policy, infrastructure feasibility assessment and safeguards for productive land, environmental values, hazard risk and long-term community costs.



CASE STUDY 3: Cooke Street, Kingston SE

Kingston District Council's proposed 24-hectare Cooke Street residential development illustrates the gap between theoretical land supply and development-ready housing. Council-commissioned research completed in May 2024 found clear demand for additional and more diverse housing in Kingston SE. More than 90% of occupied dwellings were detached houses, while flats and apartments declined from 26 in 2011 to nine in 2021, despite single-person households comprising 34% of households. The research also identified an acute rental shortage, with only 19 rental properties advertised in the 12 months to April 2024, and limited accommodation for key, seasonal and temporary workers.

The study found that demand alone was insufficient to make the project viable. In early 2024, Kingston's median house price was approximately \$420,000, while the estimated income needed to service a purchase with a 20% deposit was about \$84,000—well above the adjusted local median household income of approximately \$67,000. A separate feasibility assessment concluded that the cost of developing and servicing Cooke Street exceeded the revenue achievable from local land sales. Progress therefore depends on making the first stage shovel-ready, resolving community wastewater capacity, partnering with a community housing provider and securing Commonwealth or State funding to bridge the infrastructure and feasibility gap. The case demonstrates why regional housing reform must distinguish zoned land from serviced and commercially feasible land, and why direct government co-investment in enabling infrastructure is necessary where councils cannot recover upfront costs through the local market.

Approval processes and strategic planning

LCLGA supports efforts to make approval processes simpler, faster and more predictable, particularly through clearer strategic planning, codified requirements, digital systems and better coordination of referrals. South Australia's Planning and Design Code and PlanSA system provide a stronger statewide platform than many legacy local planning systems, but ongoing improvement is required to ensure regional councils and proponents can use the system effectively.

For regional areas, the most valuable approval reform is not necessarily the removal of assessment requirements but moving technical analysis and infrastructure trade-offs earlier in the strategic planning process. Flood, bushfire, biodiversity, coastal hazard, water, wastewater, transport and social infrastructure constraints should be identified at precinct or township scale wherever possible, rather than relitigated development by development.



This approach provides greater certainty for councils, infrastructure providers, developers and communities. It also helps ensure that streamlined approvals do not come at the expense of proper consideration of hazards, environmental values, infrastructure capacity or long-term liveability.

Approval reform should also give greater attention to post-approval bottlenecks. A planning approval does not create a home unless development can commence, connect to essential infrastructure, satisfy certification requirements and reach occupation. Delays associated with utilities, street lighting, wastewater, stormwater, local road works, financing, staging and compliance conditions can cause approved projects to stall. These issues require system-wide coordination rather than a narrow focus on council assessment timeframes.

CASE STUDY 3 – Naracoorte Lucindale Council

A proposal to develop 35 housing blocks on residential land in Naracoorte. The land was development ready but the site contained a small number of stringy bark trees of various health (habitat for red-tailed black cockatoos).

To ensure the development did not trigger the EBPC Act, the Native Veg Council contacted the Department of Climate Change, Energy, the Environment and Water (DCCEEW) regarding the possible clearance of the trees. The advice received from DCCEEW was complex and suggested measures were costly for a small developer.

The Native Veg Council then advised that the proponent should consider redesigning the sub-division to '*address the Native Vegetation mitigation hierarchy*' and that '*Any proposed development should seek to avoid or minimise potential impacts on native vegetation through the application of the mitigation hierarchy. This requires that clearance of native vegetation must first be avoided or, where it can't be avoided, it must be minimised. How the mitigation hierarchy has been addressed needs to be explicit in the Data Report that is submitted*'.

The township of Naracoorte has South and North Parklands with significant amounts of native vegetation within a 5km radius of the proposed development. Common sense and local knowledge was not factored into the discussion - even when the developer offered to supply offsets. Practical decision making in this instance would have seen another 35 new homes in Naracoorte in the correctly zoned land. The developer found the process and requirements too arduous and the project did not proceed.



Liveability, resilience and protection of regional assets

LCLGA supports sensible regulatory reform that removes unnecessary cost, delay and uncertainty. However, housing supply should not be pursued through a narrow focus on reducing upfront development costs or approval times. Regulations relating to climate resilience, biodiversity, coastal hazards, productive land, cultural heritage, urban greening, water quality, open space and township character often protect long-term public value.

In the Limestone Coast, these considerations are particularly important. The region includes highly productive agricultural land, groundwater-dependent industries, Ramsar wetlands, more than 400 kilometres of coastline, important tourism assets, areas exposed to bushfire, flooding and coastal hazards, and communities whose identity is closely linked to landscape and township character.

A regulatory reform that reduces the upfront cost of housing but creates larger future infrastructure, environmental, social or disaster-risk costs is not a genuine productivity gain. The Commission's final report should therefore retain a strong net-benefit lens and explicitly recognise the importance of long-term regional liveability and resilience.

Recommendations

1. Adopt national reporting that distinguishes zoned land from land that is serviced, infrastructure-ready, approved, connected, commercially feasible and capable of occupation.
2. Collect and publish nationally consistent end-to-end housing pipeline data from land identification and rezoning through to approval, commencement, infrastructure connection, completion and occupation.
3. Require housing and regional growth plans to be supported by transparent infrastructure capacity maps and long-term investment sequencing.
4. Strengthen accountability frameworks that clarify the roles and responsibilities of Commonwealth, State and local governments, utilities, regulators and infrastructure providers in enabling housing supply.
5. Treat local government as a core delivery partner in housing reform, with involvement in policy design, access to infrastructure data, adequate resourcing and a clear role in implementation.
6. Provide Commonwealth and State funding support for housing-enabling infrastructure where infrastructure must be delivered ahead of growth, benefits multiple developments, or exceeds local government financial capacity.



7. Ensure any reduction, capping, deferral or removal of developer contributions is accompanied by replacement funding so councils and existing communities are not left with unfunded infrastructure obligations.
8. Develop forward-funding models, including concessional or no-interest infrastructure facilities, that allow councils to deliver infrastructure ahead of developer contribution receipts where this would unlock housing supply.
9. Support regional infrastructure innovation, including off-grid, decentralised, modular and third-party delivery models where conventional servicing is impractical or cost-prohibitive.
10. Maintain safeguards for environmental protection, cultural heritage, productive agricultural land, climate resilience, water security and natural hazards where the long-term benefits outweigh the costs.

Conclusion

LCLGA supports the Commission's ambition to improve Australia's housing regulatory system and enable more homes to be delivered where communities need them. The Limestone Coast experience demonstrates that the next stage of reform must focus not only on increasing theoretical land supply or reducing approval times, but on converting suitable land into completed homes supported by infrastructure, services and long-term community outcomes.

For regional communities, successful housing reform means more than faster approvals. It means development-ready land, timely infrastructure, sustainable funding, diverse housing, resilient communities and continued protection of the regional assets that underpin economic prosperity and quality of life. This can only be achieved if local government is treated as an implementation partner with the resources, information and authority required to help turn housing policy into serviced, liveable and occupied homes.

