Our Ref: JS | LO'L

30 September 2026

Housing supply regulation
Productivity Commission
Lodged online: www.pc.gov.au

Dear Commissioners

Response to the Productivity Commission Interim Report on Housing Supply Regulation

Thank you for the opportunity to respond to the Productivity Commission Interim Report on Housing Supply Regulation. This response has been prepared by the Local Government Association of Tasmania (LGAT) on behalf of all 29 Tasmanian councils.

LGAT is incorporated under the *Local Government Act 1993* and is the representative body and advocate for local government in Tasmania. Where a council has made a direct submission to this process, any omission of specific comments made by that council in this submission should not be viewed as lack of support by the LGAT for that specific issue.

Please contact Jon Stanger if you have any questions or would like further information, at [Redacted; or [Redacted].

Yours sincerely,

Dion Lester
Chief Executive Officer

Response to the Productivity Commission Interim Report on Housing Supply Regulation

Summary

LGAT welcomes the Productivity Commission's recognition that housing supply depends on much more than the speed of planning assessments and approvals. The Interim Report recognises the importance of development-ready land, where planning, funding, and enabling infrastructure coordination are aligned. We agree and support a strong focus on infrastructure funding, coordination and sequencing, clarifying responsibilities, improving referral processes, and end-to-end system performance reporting. These directions reflect central positions in our initial submission and represent a welcome shift from approaches that treat planning regulation, and local government in particular, as the primary obstacle to housing delivery.

We support the Interim Report's recognition that land release, planning approvals, and building permits do not, in themselves, produce completed homes, and that enabling infrastructure is often the binding constraint. We also support:

- Increased investment and consistent resourcing of strategic planning.
- A fit-for purpose Tasmanian infrastructure contributions framework developed and legislated in partnership with local government.
- Earlier strategic assessment of infrastructure, hazards, biodiversity, utilities and essential services.
- Better coordination between planning authorities, state agencies and infrastructure providers.
- Improving the quality of development proposals through education, guidance, pre-lodgement tools, and early engagement with regulators.
- Proportionate pathways for complete, compliant and genuinely low-risk proposals.
- Carefully governed technology that assists, rather than replaces, professional judgement.

General comments

Tasmania's planning system is performing well

The Interim Report does not recognise LGAT's previous submission[1] that Tasmania's planning system is efficient, timely and reliable.

[1] Available at: www.lgat.tas.gov.au >Policy and advocacy >Reports and submissions.

Tasmania was ranked second overall in the Business Council of Australia's 2025 assessment of land use and planning systems[2]. Less than one per cent of discretionary development applications are refused by planning authorities in Tasmania and just 1.7 per cent of decisions are appealed[3]. Fewer than half of those appeals are initiated by proponents, and 69 per cent see council decisions affirmed[4].

While Tasmanian councils have delivered strong system performance and significant strategic planning alongside development incentives, development applications declined from 9,664 in 2020 to 6,147 in 2025[5]. This decline occurred despite increasing policy inducements for development and minimal change to the planning system. Planning approvals and building regulation are not the primary constraint on housing supply. Land acquisition, finance, construction industry capacity, project feasibility, development timing and market release sit outside council control. In our view, system performance should be measured across the full development pathway, rather than focusing on council assessments.

Avoid misplaced and unsupported planning interventions

We support increased density and upzoning where evidence-based, place-specific and aligned with strategic planning and existing or funded infrastructure, community facilities, and services. However, where jurisdiction-specific evidence does not support intervention, then we do not support measures such as nationally prescribed or uniform upzoning, routine state override of local planning schemes, or additional bespoke assessment pathways. Such measures risk separating housing decisions from important considerations such as infrastructure and service capacity, natural hazards, environmental impacts, housing quality, diversity, and liveability.

In Tasmania, repeated proposals for new planning approval pathways and the use of bespoke planning legislation have consumed limited policy and professional resources, at a time when essential and strategic planning-system foundations are incomplete or outdated. Reform should strengthen the existing system and address demonstrated constraints, not introduce further disruption.

A concerning current example is the Local Infrastructure Fund that makes access to housing-enabling infrastructure funding contingent on planning reforms negotiated between Commonwealth and State Governments that local government is not a party to.

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[2] Business Council of Australia, *Regulation Rumble 2025* November 2025.
[3] Tasmanian Government, *Local Government Consolidated Data Collection (CDC) dataset* June 2026. LGAT analysis.
[4] Tasmanian Civil and Administrative Tribunal (TasCAT) Resource and Planning Stream decisions 2021-25 via AusLII. LGAT analysis.
[5] Tasmanian Government, *Local Government Consolidated Data Collection (CDC) dataset* June 2026. LGAT analysis.

This approach overlooks local conditions and creates a disconnect between those designing reforms and those implementing them. Local government should be recognised as a partner in housing reform and infrastructure planning, not merely a delivery agent.

Meaningful community engagement is also needed to support neighbourhoods in participating positively in change and to demonstrate how infrastructure, housing quality and liveability will be protected and enhanced. The Tasmanian Government should fulfil its commitment to lead this conversation in partnership with councils and communities.

Priority actions for Tasmania

Establish an effective statewide infrastructure contributions framework in partnership with local government.

> The framework should include legislation and implementation guidelines that provide for the transparent and equitable apportionment of growth-related costs and address cumulative impacts and first-mover disadvantage.

Increase and sustain investment in strategic planning.

> State, regional and local frameworks must be current, coordinated and supported by infrastructure planning, technical studies, sound demographics data and implementation funding. This requires timely completion and ongoing maintenance of Tasmania's Regional Land Use Strategies with adequate resources and coordinated State Government agency participation.

Correct housing market settings.

> The housing market should be optimised to provide well-sited, high-quality, affordable housing for residents, not reward speculation, land banking, or short-stay visitor accommodation. Reform should be assessed against completed housing outcomes, not theoretical zoned capacity, land release or approvals.

Increase investment in social and affordable housing and its enabling infrastructure.

> Regulatory reform should actively support housing diversity and social and affordable housing through planning policies, regional strategies, zone objectives, and proportionate regulatory incentives. Reform alone will not succeed without funding for strategic planning, land acquisition, construction, enabling infrastructure, and community services.

Ensure local government has the powers, data, and resources needed for strategic planning and evidence-based regulation.

> For short-stay accommodation, this includes improving the collection and provision of data for the use of planning authorities, clear distinctions between genuine home sharing and commercially let whole residences, and locally responsive planning and rating tools where housing availability, rental vacancy or neighbourhood amenity are negatively affected.

Match housing targets and rezoning decisions with infrastructure.

Costed, funded and sequenced infrastructure plans that include delivery timing, responsible entities, asset ownership, and ongoing maintenance obligations are needed to accompany housing plans and planning proposals.

Provide direct and predictable Commonwealth and State funding, concessional finance and first-mover support for housing-enabling infrastructure.

Financial Assistance Grants should remain untied, equalisation-based funding must not be linked to housing targets or development approval performance. Any Commonwealth housing incentives should be additional and directed to housing-enabling infrastructure and implementation capability. This funding must account for the barriers and resource constraints councils face in making grant applications.

Conclusion

We support practical, evidence-based reform that improves housing delivery. The Interim Report has moved closer to this outcome by recognising that infrastructure, coordination, strategic planning, and development-ready sites are central to housing supply. However, a continuing emphasis on broad-brush land-use deregulation does not recognise Tasmania's strong planning performance or evidence about the actual constraints on delivery.

The final report should treat local government as a delivery partner, avoid unsupported interventions in functional state planning systems. It should prioritise the elements needed to convert approvals into well-located, affordable, completed homes, such as infrastructure, strategic planning, market corrections, social housing investment, data, and capability building.

While broader taxation, finance, and macroeconomic policies are outside the scope of this inquiry, the Productivity Commission should acknowledge that these need to be addressed together, rather than as individual reforms. Broader regulatory and policy settings influence whether approved, development-ready land becomes completed housing. Governments should continue considering measures to promote timely development, increase housing market transparency, discourage land banking and other inefficiencies, and support local action where limited availability may harm communities.