Helping local government
build stronger communities.

Productivity Commission Housing Supply Regulation July 2026

LGA South Australia Submission

30 September 2026

lga. South Australia

Executive summary

South Australia has established a dynamic and effective planning system, providing a strong foundation for housing delivery, economic growth and investment. The state's planning reforms, centered on the Planning and Design Code and the fully digital PlanSA interface, have created a planning system with assessment and administrative efficiencies.

Digital assessment processes have enabled 90% of residential developments to be approved within statutory timeframes while broader code amendment reforms, which together with expedited statutory timeframes have reduced greenfield assessment by up to 18 months. This is reflected in 15,308[1] dwellings being approved in South Australia in the 12 months to July 2026, a 4.6% increase over the previous year.

While the planning system is delivering tangible outcomes, it cannot alone resolve South Australia's housing challenges. The delivery of housing increasingly depends on the long-term understanding of infrastructure need, capacity, demand, its funding and delivery. Water, sewer, transport, energy, schools open space and community facilities are critical preconditions for unlocking housing growth areas and achieving housing supply targets.

Significant areas of land across our State have been identified for future housing development, but many cannot proceed at the scale or speed required without coordinated infrastructure investment. In many cases infrastructure costs have become the primary constraint on housing delivery rather than approvals. Without adequate funding and coordination of enabling infrastructure, approved land cannot be transformed into new homes and communities.

Local government plays a critical role through planning, zoning and approvals, with supply–demand imbalances increasingly affecting council capacity and long-term economic, social and environmental outcomes. Councils also take over responsibility for any infrastructure developed as part of increasing housing, e.g. roads, open space, wastewater.

Local governments are under increasing pressure to support housing growth, yet years of inadequate infrastructure investment and the absence of long-term state planning are limiting their ability to serve communities, plan for growth, and maintain essential assets.

Increased investment from both the Commonwealth and State Governments is therefore essential. Strategic infrastructure funding would unlock housing supply, improve affordability outcomes, support economic productivity and maximise the benefits generated by South Australia's nation-leading planning system. By combining Australia's best planning framework with greater infrastructure investment, South Australia will be well placed to accommodate population growth, strengthen regional economies and deliver the homes, jobs and communities needed for future generations.

[1] ABS Building Approvals

About us

At LGA South Australia, our purpose is to help local government build stronger communities.

As the peak body proudly representing 68 councils across South Australia and the Anangu Pitjantjatjara Yankunytjatjara, we champion the needs of our members every single day.

Working for our members, we represent the interests of local government at both state and federal levels and provide robust and innovative solutions to local challenges.

Whether it's policy development, coordination on important issues or training and development, our work is about empowering local government to deliver a real, lasting impact for South Australians. Our trusted services also include tailored cover and risk services for the sector, and access to pre-qualified suppliers and panels to save councils time and money.

With a focus on leadership and representation, our work is driven by a shared passion for making a difference in the lives of the communities.

LGA welcomes the opportunity to provide a submission on the Housing Supply Regulation Interim Report July 2026. Working together we can make positive contributions to the ongoing resilience, safety and wellbeing of all South Australians.

This submission has been informed by submissions on the paper provided by planning practitioners across the local government sector and current investigations and analysis the LGA has been conducting on housing supply and demand and housing affordability policy.

This submission also draws from data and examples found at PlanSA, the state's planning portal and aligns with initiatives that the current state government has either implemented or is undertaking in consultation with councils.

Submission

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Reform Directions	**LGA Comments**
Reform direction 2.1 - Allow up to 3-storey developments across most residential land State and territory governments should allow up to 3-storey developments across all residential land, with exceptions made for areas with environmental protection, hazard-related overlays or heritage listed buildings only where the benefits of exceptions outweigh the costs.	**Not supported.** Building height uniformity across residential type zones and areas disregards local character, constraints and longer-term planning outcomes. Encouraging homogenous settlement patterns decreases housing diversity and disrupts infrastructure provision. **Recommendation:** Three storey development should only be encouraged where proper investigation to mitigate its impact on interface, overlooking, bulk, shadow and passive solar access can be achieved.
Reform direction 2.2 - Allow mid-rise or high-rise apartments in high-demand areas State, territory and local governments should update planning schemes to allow mid-rise (4–9 storeys) and/or high-rise (10+ storeys) apartments in high-demand areas with existing or readily expandable transportation infrastructure. This will require changes to a variety of land-use controls which will vary by local government area and/or state and should be implemented in conjunction with reform direction 2.6.	**Supported in principle.** Recently approved regional plans, particularly for Greater Adelaide, identify suitable locations for higher density development and building heights. Further opportunities exist across Greater Adelaide for higher density development in proximity/adjacent to activity centres services with public transport, health services, retail and commercial offerings. This approach should be supported by evidence base structure planning and including mechanisms to provide enabling infrastructure. **Recommendation:** Facilitate mid-rise or high-rise apartments in high demand areas that are supported by frequent public transport, services, social infrastructure and where there is evidence base demand and long-term benefits to the wider community.

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Reform direction 2.3 - Reduce or remove minimum lot size requirements State, territory and local governments should recognise where minimum lot size requirements are reducing commercially feasible capacity, particularly in high-demand areas, and remove or reduce requirements in those places. Subdivision requirements need to be permissive to enable this reform to have its full effect.	**Not supported.** Varying allotment sizes encourage housing diversity, affordability and housing choice. LGA acknowledges that smaller allotments can also contribute to reducing overall housing purchase price. Removing minimum allotment sizes in isolation to tackle affordability fails to consider the potentially negative impact of denser infill in urban areas, such as on and off-street parking, tree canopy, stormwater management, challenges in waste collection and the overall liveability of resulting development. Omitting minimum allotment sizes altogether can also restrict development and growth where alternative waste/water solutions are required.
Reform direction 2.4 - Allow residential development in commercial zones, unless there is a clear rationale for excluding it State and territory governments should review all commercial zones that restrict residential development and change them so they restrict residential development only where there is a clear rationale to do so and there is a net benefit from restriction.	**Supported.** Planning and Design Code already supports this.
Reform direction 2.5 - Review, reduce and remove land-use controls that reduce commercial feasibility and do not adhere to best practice principles State, territory and local governments should identify and reduce controls that reduce commercial feasibility and do not adhere to best practice principles.	**Remove or reduce car parking requirements - Not supported.** South Australia already has a range dispensations (increase height, proximity to public transport) for reduced off-street parking ratios. Private vehicles make up 67% of commuter traffic in Greater Adelaide when compared with 6% who use public transport. In the regions these figures are higher.

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	Where dispensations have been granted, councils are reporting significant increases in on-street parking conflicts. This is particularly the case in urban infill areas. For reduced parking rates to have an impact on housing affordability, investment in fixed line transport and a shift away from our current radial system is required. **Replace broad heritage protections with more targeted heritage listings with cost-benefit analysis and review processes –** **Not supported** Removing heritage areas and replacing them with individual listings avoids the benefits of maintaining character, housing diversity and housing choice and ignores the value of heritage listing in a streetscape, not just focused on individual buildings. **Review and reduce neighbourhood character restrictions –** **Not supported** South Australia has a number of character preservation mechanisms within its planning systems such as Co-located Living Policy to facilitate ancillary development while protecting heritage, character and amenity. These give effect to protect and enhance the specific scenic, cultural, and environmental attributes of existing dwellings and neighbourhoods.
Reform direction 2.6 Relax or remove built-form controls that limit flexibility and choice for households	**Modify controls as required to enable townhouse and apartment reform – Supported**.

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State, territory and local governments should identify and reduce or remove built-form controls that limit the range of dwelling types available to households	**Remove maximum floor-space ratios – Not Supported** Site coverage ratios offer protection from the proliferation of impervious areas, particularly in built up urban infill areas. Increases in site coverage can lead to off-site stormwater runoff issues, reduction in urban tree canopy and heat island effect. Increased site coverage also encourages larger plates of impervious areas which can have a detrimental impact on localized flooding and stormwater runoff. **Remove restrictions on housing types – Supported.** **Remove restrictions on minimum dwelling sizes, minimum balcony sizes and storage requirements for apartments – Not Supported** Establishing minimum requirements protects occupant amenity, provides building articulation and can contribute to broader passive surveillance outcomes.
Reform direction 3.1 Consider infrastructure requirements and trade-offs associated with development early through strategic planning State and territory governments should seek to lift the burden from approvals by assessing development conditions and determining trade-offs efficiently and upfront rather than through the development approval process. This includes: • identifying suburbs and localities where there is high expected demand for new housing, and making it an explicit performance goal for councils, relevant agencies and regulated	**Supported.** The *Planning, Development and Infrastructure Act 2016 (PDI Act)* (PDI Act) establishes an integrated planning framework that seeks to resolve land use, infrastructure and environmental considerations prior to lodgment of development applications. Local Area Planning and council-based integrated strategic planning are important complementary mechanisms within South Australia's planning framework. Together, these processes help shift decision-making from the development assessment stage to the strategic planning stage,

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infrastructure service providers to facilitate new housing in these areas • completing technical studies (e.g. flood risk, bushfire risk, biodiversity mapping) across suburbs and localities with high expected demand for new housing, and considering how the impacts of the expected uplift in housing development can be managed across these areas • fully considering how any required housing-enabling infrastructure will interact with existing infrastructure, including by engaging with referral agencies or owners of existing infrastructure to identify potential barriers to development early (in conjunction with reform directions 4.1 and 4.2) • incorporating the outcomes of these assessments into planning schemes as clear and codified requirements for development, and avoiding site-specific assessments of trade-offs where possible	consistent with the objective of assessing development conditions and resolving trade-offs efficiently and upfront. Additional investment by councils in integrated strategic planning is crucial to their long-term financial sustainability.
Reform direction 3.2 Expand the use of fast-track pathways to assess simple development State, territory and local governments should improve fast-track assessment pathways by: • expanding their use to cover more low complexity developments, using deemed-to comply assessment against codified rules, with minimal third-party inputs • increasing the use of pattern books, with templates eligible for fast-track approval • using hybrid assessment for developments which narrowly fail to comply with fast-track criteria, where non-complying criteria are assessed using standard techniques • approving fast-track developments quickly, with incentives for councils to increase speed	**Supported.** South Australia's planning system supports more development assessment efficiencies through the Accepted Development and Deemed-to-Satisfy assessment pathways in the PD Code. In South Australia, there is perception that applications take too long or are burdened by requests for further information. Recent figures produced by the Department for Housing and Urban Development SA (DHUD) indicate 90% of planning consent decisions meet statutory timeframes. For example, City of Unley has average assessment times of: • 12 days (compared to statutory 20 business days) for applications not subject to public notification

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of assessment.	• 49 days (compared to statutory 60 business days) for applications subject to public notification Presently 70% of new housing applications access the performance assessment pathway. **Recommendation:** Consideration should be given to incentivisation schemes such as lower fees and shorter assessment timeframes to encourage greater uptake of faster assessment pathways for residential development coupled with detailed quantitative planning policy specific to these assessment pathways.
Reform direction 3.3 - Use state-significant pathways to approve developments with a clear need for state-led assessment State and territory governments should improve the assessment of large, complex and important developments by: • using state-significant pathways when a clear need for state-led assessment is demonstrated, with transparent and defined criteria for inclusion in the pathway • giving assessment authorities clear decision-making powers, which are not bound by council planning schemes • using early and targeted consultation to meaningfully engage third parties where their inputs are required.	**Supported in principle.** South Australia already has several state-significant pathways, however these should not be used to the detriment of sound, local planning outcomes. The recent introduction of the Coordinator General's Office is anticipated to enable the establishment of State Development Areas, to assist in the coordination and delivery of infrastructure.
Reform direction 3.4 - Improve housing approval assessments with better coordination of referrals, use of technology including AI, and transparent reporting State, territory and local governments should improve housing approval assessments by:	**Supported.** Centralisation of referral processes (akin to Planning QLD SARA) has merit and would have time savings for assessment staff who frequently manage multiple referral processes.

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• using coordination bodies to manage and sequence referrals from government agencies and third parties. These bodies should have decision-making power in the event of conflicting advice • increasing use of technology including AI to help decision makers and applicants understand regulatory requirements and identify potential problems with applications • strengthening performance reporting so that it more meaningfully captures the end-to-end burden of the approvals process. This includes public reporting on outcomes by council.	LGA also advises that DHUD is currently running a pilot project with a council and industry to introduce electronic assessment. LGA has also applied for funding to establish electronic assessment of documentation and plans for issuing of Certificate of Occupancy process.
Reform direction 4.1 - Coordinate strategic planning for infrastructure with housing objectives State, territory and local governments should improve their infrastructure planning by: • documenting how infrastructure planning supports housing objectives, including any interdependencies with third parties such as infrastructure service providers. This should be prioritised for areas identified as having high expected demand for new housing (reform direction 3.1) • ensuring infrastructure planning documents are kept current • reporting the level of funding allocated to individual infrastructure projects and the expected costs and benefits of major road and transport projects • ensuring there is a consistent approach to infrastructure planning across local governments within jurisdictions, and that local planning aligns with state-level infrastructure and housing	**Supported.** While states and territories are required to produce rolling 10-year Annual Infrastructure Plans, there is very little transparency in capacity mapping and capabilities of trunk infrastructure providers. In July 2026, the Planning Institute of Australia identified that delays in delivering housing across Australia was due to unfunded enabling infrastructure, rising construction costs and difficulties in securing appropriate financial assistance. There needs to be greater investment in planning for and delivering enabling infrastructure. Demand for urban infill areas and existing social infrastructure also needs to be taken into consideration. Increased funding for social infrastructure should be afforded the same rigor and considerations. Local Area Plans (refer to Reform Direction 3.1) is a new planning tool in South Australia for councils to identify their growth needs, potential

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objectives and projections (and supports reform direction 4.2)	funding models (such as Infrastructure Schemes) and timely delivery of these based on council capacity and capabilities. In addition, ALGA has raised concerns regarding the regional funding for South Australia approx. $30 million) will not make a significant difference to the current infrastructure challenge. ALGA have called on the federal government to establish a $1.1 billion annual fund for local government to help address Australia's affordable housing crisis. This is a larger commitment than the current $1 billion a year for two years. As part of the Put Our Communities First campaign, ALGA asked for long-term, formula-based funding for all councils to build housing-enabling infrastructure, including local roads, power and water connections. ALGA's research showed that 40 per cent of local governments have cut back on new developments because of inadequate enabling infrastructure funding. **Recommendation:** The Australian Local Government Association (ALGA) and state and territory members to be consulted on how the Local Infrastructure Fund will be disbursed throughout their respective jurisdictions. Disbursement should be based on actual growth and not perceived growth. LGA also recommends that definitions of metropolitan and regional be reviewed ahead of any upcoming funding rounds to ensure equitable access to funding.
Reform direction 4.2 - Improve infrastructure sequencing with housing development	**Supported.** South Australia has considerable land supply, however many of these lots are constrained by

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State and territory governments should improve how infrastructure is sequenced with housing. This includes: • ensuring the timing of rezoning and infrastructure planning accounts for the lead times of each and that this is reflected in infrastructure plans, to ensure land for housing is released once a plan to deliver timely supporting infrastructure has been made • ensuring infrastructure upgrades to support additional housing coincide with required changes to support housing, such as upzoning • developing an accountability framework with clear responsibilities for each level of government and other parties such as regulators and infrastructure service providers, to set out how they will work together to deliver timely infrastructure to support housing • considering how sequencing can improve certainty for other parts of the development process, including approvals (reform direction 3.1)	the lack of water and sewer infrastructure. Presently, there are 4,663 housing ready, 9,381 under assessment and 57,435 undeveloped but appropriately zoned lots. Future urban growth is tracking at 130,912 lots. Coordinated development through integrated strategic planning is crucial to delivering housing targets and enabling infrastructure. Delivery of housing must consider land economics, feasibility and be planned for well beyond a 10-20 year horizon. **Recommendation:** Local Infrastructure Fund to be expanded beyond its current 2 year horizon with consideration to support urban infill as well as greenfield and brownfield development.
Reform direction 4.3 - Ensure developer contributions reflect the accurate cost of providing infrastructure State, territory and local governments should: • use developer contributions for all infrastructure with a close nexus to the development, when the development has also created a demonstrated need • apportion contributions for infrastructure when beneficiaries are dispersed beyond the development site	**Supported.** South Australia's planning system has the Basic Infrastructure Scheme (water, sewer, roads, stormwater) and Primary Infrastructure Scheme (including basic scheme includes sport and recreation, play spaces, libraries community centers etc.) (Infrastructure Schemes). The current schemes apply to designated growth areas and enable the collection of funds apportioned to the development.

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• remove contributions when there is no demonstrable nexus between a development and infrastructure • use cost-reflective developer contributions where possible, unless there are significant administrative burdens for local government or accurate cost estimates cannot be provided upfront.	They are currently in their infancy with one approved for mixed use development north of Adelaide and a second in draft for Murray Bridge. Under the PDI Act, development yielding twenty lots or more is to provide 12.5% of land in the development for public open space. Where this cannot occur or where development yields less than 20 lots, developer contributes $10,166 (Greater Adelaide) and $3,723 elsewhere into open space contribution scheme. Monies in this scheme are then used to support the planning of and development of public open space through a competitive grant round or at the discretion of the Minister for Planning. Until recently, most of the contributions dispersed through competitive grant rounds. Recent disbursements have been at the discretion of the Minister for Planning. **Recommendation:** Infrastructure contributions should be expanded to include urban infill areas for enabling infrastructure and apportioned across all tiers of government for where the social, economic and regional benefit is broader than the development. All contributions should be apportioned for infrastructure that benefits development, council and broader catchment.
Reform direction 4.4 - Enhance design of developer contribution frameworks towards best practice State, territory and local governments should update the design of developer contribution frameworks to: • include upfront estimates of contributions prior to land release or land acquisition, and make available online contribution estimation tools	**Supported.** Transparency and consistent approaches to the delivery of infrastructure is supported. Any infrastructure framework should also include regular reporting and efficiencies in its administration.

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• allow contribution payments to be staged or due later in the development process • take a consistent approach across all local governments within each state and territory in how charges are administered and calculated • reduce the number of different contributions levied on developers by bundling different contributions into single levies where possible • adopt transparent, centralised reporting of funds collected at the development, local government and state levels and progress reports against planned infrastructure delivery and housing supply objectives.	

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