Local Government Association Tasmania

Our Ref: JS | DJL

16 June 2026

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

Dear Commission,

Productivity Commission Inquiry: Housing Supply Regulation (Interim Response)

The Local Government Association of Tasmania (LGAT) welcomes the opportunity to provide a submission on behalf of Tasmania's 29 councils. We note the limited timeframe for submissions, which has constrained consultation and additional evidence gathering.

Local government performance in planning and housing supply

Local government is a constructive participant in the planning system and should be recognised as a delivery partner, not a constraint. Tasmania's planning system is performing strongly, with consistent evidence of efficient, timely and reliable assessments.

The Business Council of Australia ranked Tasmania second overall for "Best land use and planning system in 2025", with strong performance across efficiency, consistency and certainty[1].

Tasmanian councils determine development applications significantly faster than most jurisdictions and approve the overwhelming majority of applications. Results show that council planning authority decisions are rarely appealed (1.7% of discretionary application decisions[2]), with less than half (48.4%) initiated by proponents[3] and generally upheld (69% council decisions affirmed[4]), demonstrating robust and consistent decision-making.

As a sector, we have been proactive in undertaking strategic planning work and incentivising housing development to facilitate new housing delivery. This work is essential to achieving good quality homes in locations suitable for residents, but often comes at significant

[1] Business Council of Australia, *Regulation Rumble 2025* November 2025.
[2] Tasmanian Government, *Local Government Consolidated Data Collection (CDC) dataset* June 2026. LGAT analysis.
[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 AustLII. LGAT analysis.

expense to councils, and should be recognised and supported by the Productivity Commission.

Planning authorities only control a small part of the housing supply pipeline. Land purchase, development timing, construction and market release are determined by landowners and influenced by market conditions. Faster approvals alone do not guarantee delivery of additional housing.

Planning is not the primary constraint on supply

Planning systems determine where and how development occurs, but do not determine whether development proceeds. Recent trends indicate that development activity is not primarily constrained by planning approvals with development applications declining over the past five years, from 9,664 in 2020 to 6,147 in 2025[5]. This is despite minimal changes to the planning system, increasing development inducements and a 2023 Tasmanian Housing Strategy seeking to "deliver more quality homes, faster".

A narrow focus on approvals risks continuing to divert limited planning resources into repeated or unproductive reform efforts and the unsustainable use of bespoke planning legislation. Supply bottlenecks must be properly identified and resolved rather than shifted, and additional layers of legislation or approval processes (such as Development Assessment Panels) must be avoided.

Instead, housing supply outcomes are strongly influenced by broader system factors outside the control of local government, including:

- Infrastructure funding and delivery constraints.
- Construction sector capacity, productivity and workforce shortages.
- Market feasibility, financing conditions and development risk.
- Coordination across approval, infrastructure and post-approval processes.

State planning system issues and responsibilities

In Tasmania, the key planning system barriers to housing supply sit within State Government responsibilities. These include incomplete or outdated planning system foundations, such as legislation, planning policies and regional strategies.

A decision-making approach on planning legislation and regulation that is preventing systemic improvement can be seen in the long-running Tasmanian Government focus on bespoke planning legislation and repeated unsuccessful attempts to introduce Development Assessment Panels. Meanwhile, local government calls to review and reform

[5] Tasmanian Government, *Local Government Consolidated Data Collection (CDC) dataset* June 2026. LGAT analysis.

the key foundations of our system, such as the outdated *Local Government (Building and Miscellaneous Provisions) Act 1993,* remain unattended to.

The false narrative that councils or 'the planning system' are constraining housing delivery is unhelpful and has driven the poor attempts at reform experienced by local government for several years at a time when modernisation and efficiency improvements in the housing sector are needed.

Local government has consistently identified the need for:

- Up-to-date strategic planning frameworks
- Clear and complete policy settings
- A functional infrastructure contributions system

Without these foundations, development certainty is reduced and housing delivery is constrained. These are not approvals problems, but issues that affect development decisions and the conditions for efficient supply of housing.

Infrastructure and system constraints

Housing supply depends on enabling infrastructure and coordinated delivery. Local government evidence highlights significant gaps in infrastructure planning, funding and delivery frameworks, which directly impact feasibility and timing of development.

For Tasmania, the key missing policy piece is a statewide infrastructure contributions framework that would see coordinated infrastructure delivery funded by the development that creates the infrastructure demand.

Conclusion

Tasmania's planning system is performing efficiently and should not be characterised as a primary barrier to housing supply. Local government plays a central role in enabling development and delivering housing outcomes through the consistent and timely administration of planning processes.

The primary constraints on housing supply lie in broader system factors, including infrastructure provision, construction capacity, market feasibility and incomplete state planning frameworks. Reform should prioritise these structural issues and recognise local government as a key delivery partner in achieving improved housing outcomes.

Yours sincerely

Dion Lester
CHIEF EXECUTIVE OFFICER