

# MAV Sector Submission: Productivity Commission inquiry into Housing Supply Regulation



June 2026



No one understands the challenges and opportunities facing Victoria in the 21st century better than local councils. From rapidly evolving technology to social changes, shifting economies to environmental pressures, our local communities and the governments that represent them – are at the forefront of multiple transformations happening simultaneously.

As the peak body for the Victorian local government sector, the Municipal Association of Victoria (MAV) offers councils a range of services and support to help them serve their communities.



### **ACKNOWLEDGEMENT OF COUNTRY**

The Municipal Association of Victoria acknowledges the Traditional Owners of Country throughout Victoria, and recognise their continuing connection to lands, waters, and culture.

We pay our respect to Elders past and present who carry the stories, traditions, cultures, and aspirations of First Peoples, and who forged the path ahead for emerging leaders.

We support local government's commitment to strengthen relationships with Victoria's First Peoples communities and for it to encourage greater unity, knowledge, cultural awareness and respect for the first occupants of this land — through its strong community links and local representation.

### **DISCLAIMER AND COPYRIGHT**

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# 1 Executive Summary

The Municipal Association of Victoria (MAV) welcomes this opportunity to provide a submission to the Productivity Commission's inquiry into Housing Supply Regulation.

MAV is the legislated peak body for Victoria's 79 councils. We support housing reform, and we have been contributors by putting forward evidence, and are active in shaping the housing (and planning) reform agenda in Victoria and at the national level.

This submission draws on much of MAV's recent body of work on housing and planning reform. This evidence base represents the consolidated position of Victoria's local government sector, developed with extensive input from council planners, executives and elected members across the state's 79 municipalities:

- [Sector submission Reforming Victoria's Planning System](#) (April 2025)
- [Submission to Legislative Council Select Committee Inquiry into Victorian Planning Provisions amendments VC257, VC267 and VC274](#) (April 2025)
- [Submission to the Inquiry into the Supply of Homes in Regional Victoria](#) (April 2025)
- [Sector submission on Infrastructure Contributions Reform](#) (July 2025)
- [Sector brief Victoria's Housing Statement — Two Years On](#) (September 2025)
- findings of our [Local Government Housing Innovation Program](#) (2025/2026)

We ask the Commission to ensure its final recommendations are grounded in a full account of the evidence, including the substantial body of work that local government has produced, and is actively delivering, on housing supply.

The key message in this submission is that planning reform and housing supply need not be in tension or conflict with each other. The case studies and submissions that inform this submission demonstrate how an enabled local government sector is a genuine partner for housing outcomes that developer-led markets and centralised approval authorities are not.

A well-resourced, strategically coherent planning system leads to great housing outcomes, not obstacles. The social licence for more housing and density depends on communities trusting that development is safe, well-designed, and properly sequenced with infrastructure. Eroding the regulatory framework in the name of supply without sequencing or trust, risks producing short-term approvals and long-term problems to Victoria's and Australia's housing needs.

Victoria's Housing Statement target requires an average of 20,460 dwelling completions per quarter. Available data shows an average of 14,461 dwellings have been completed per quarter. The gap is significant, and it reflects the reality that in a market-constrained environment with elevated construction costs, tight financing conditions and a fragmented industry, additional approvals do not automatically produce additional homes. The pipeline from planning approval to completed dwelling depends on construction sector capacity. Without productivity improvements across construction and building, accelerating approvals will expand the stock of unbuilt approvals rather than increase housing supply.

A narrow inquiry that treats planning regulation as the primary problem will produce a narrow set of poorly targeted recommendations. The ongoing constraints in construction productivity, infrastructure financing, partnerships and community trust, will remain unaddressed.

MAV will be glad to provide supplementary submissions, and is available to give evidence at public hearings. MAV also commends the Council Alliance for a Sustainable Built Environment (CASBE) submission to the inquiry. MAV auspices CASBE, and we support their message that climate change is presents a huge, and largely unaccounted for, productivity risk to Australia's current and future housing supply and built environment.

Our recommendations are based on the evidence contained in MAV's submissions, policy, research and advocacy and motions by the [MAV State Council](#). The recommendations are consolidated on the following two pages.

## 2 MAV recommendations to the the Productivity Commission

Recommendations:		
1	<b>Reframe the inquiry's central tenet that planning regulation is the primary constraint on housing supply</b>	<i>The Commission should observe that planning regulation is not the primary constraint on housing supply in Australia. The Commission should instead acknowledge the comprehensive and coordinated approach to housing supply and affordability being taken by the National Housing Supply and Affordability Council.</i>
2	<b>Refrain from recommending major reform prior to measuring the effect (or estimating the likely effect) of reforms already agreed</b>	<i>The Commission should recognise the inefficiency inherent in proposing reforms to instruments already agreed to be reformed, but where those reforms are yet to commence. The complexity and uncertainty inherent in this approach erodes market confidence. Confidence can be re-established through demonstrating the effectiveness of reforms already agreed, by measuring their performance. Victoria would be a useful case-study due to the State's many planning reform projects agreed since 2023 without a consistent performance measurement framework in place.</i>
3	<b>Establish consistent approvals-to-completions tracking system</b>	<i>The Commission should recommend that state governments be required to publish matched approvals-to-completions data annually, at the state, local government and precinct levels</i>
4	<b>Supporting implementation and change transition resourcing and support</b>	<i>The Commission should recommend that state governments fully fund their planning reform programs to ensure their complete implementation ahead of enlivening of legislation or regulatory changes. For example, the Victorian Government should undertake a budget allocation to build and commence a statewide planning permits lodgement system, to provide for consistent and cost-saving approaches for all responsible authorities, referral authorities and applicants, in order that the State's own objectives for their own reforms can be realised.</i>
5	<b>Exempt council-led public benefit housing projects from windfall gains taxation</b>	<i>The Commission should flag Victoria's Windfall Gains Tax as a live example of state taxation working against housing supply objectives and recommend that the Victorian Government exempt council-led public benefit housing projects (particularly social, affordable and key worker housing) from WGT liability.</i>
6	<b>Support councils, state government and federal government with land activation</b>	<i>The Commission should support councils, state governments and the federal government to activate their own assets through dedicated feasibility funding, strategic planning and land assembly pathways that unlock feasibility, and develop frameworks that treat government land as a priority housing delivery pipeline.</i>
7	<b>Remove the conditionality on the Commonwealth's Local Infrastructure Fund</b>	<i>The Commission should recommend that the \$2 billion Local Infrastructure Fund be distributed to high-growth councils without conditions tied to state planning reform compliance. Infrastructure investment should be triggered by demonstrated housing growth need, not by a council's role in the state government's reform agenda.</i>
8	<b>Increase financial flexibility and untied grant funding for local government</b>	<i>The Commission should recommend that the Australian Government increase the quantum of Financial Assistance Grants and expand the proportion of untied funding available to local government.</i>
9	<b>Address infrastructure financing as a prerequisite for housing delivery</b>	<i>The Commission's final report should explicitly recognise that infrastructure financing reform is a necessary condition for increased housing supply — not a secondary consideration. The Commission should call on Commonwealth and State governments to pursue greater ambition and better-targeted investment in infrastructure, and to work with local government to design infrastructure funding frameworks that provide certainty to</i>

		<i>developers, protects existing communities, and maintains council financial sustainability.</i>
<b>10</b>	<b>Require genuine state-local government partnership as a precondition of planning reform</b>	<i>The Commission should recommend that any state government planning reform with material implications for local government be subject to co-design with the local government sector; a regulatory impact assessment accounting for costs imposed on councils; adequate transition arrangements; and a formal partnership agreement with the relevant peak body. Reform imposed without these conditions has measurable costs and should not be held up as a national model.</i>
<b>11</b>	<b>Require regulatory impact assessments before planning reforms take effect</b>	<i>The Commission should recommend that all state governments be required to complete a regulatory or legislative impact assessment (as the case requires) before any change to planning provisions takes effect, inclusive of an impact assessment on the administrative efficiency of all arms of government.</i>
<b>12</b>	<b>Restore application fees to the bodies conducting statutory assessment</b>	<i>Where councils assess applications under Ministerial approval pathways, the application fee, or a fair portion, should be retained by the council. The current arrangement in Victoria is an unacknowledged cost-shift that is eroding the capacity of councils to facilitate timely planning approvals and should be corrected immediately.</i>
<b>13</b>	<b>Do not recommend Victoria's Housing Statement implementation as a national model</b>	<i>The Commission should withhold endorsement of this model until effectiveness is established by evidence. In particular, the creation of Ministerial approval pathways that fragment assessment, remove public scrutiny, and shift costs to councils while redirecting fees to the state should not be recommended as a template for other jurisdictions.</i>
<b>14</b>	<b>Improve national construction economics and productivity</b>	<i>The Commission should follow the recommendations and research of the NHSAC, AHURI and the PIA in confirming the further scope of investigation into better regulation for housing supply.</i>
<b>15</b>	<b>Establish a national Modern Methods of Construction demonstration program</b>	<i>The Commission should recommend that the Commonwealth, in partnership with state governments and local councils, establish an MMC demonstration program using government-owned land, procurement frameworks and Commonwealth capital to provide the stable demand needed to attract private investment.</i>

### 3 Introduction and context

We understand the Productivity Commission has a limited, yet complex, scope of examination into three regulatory areas that affect housing supply:

1. Approval processes (including development, building and post-construction approvals, and barriers to more productive construction methods)
2. Availability and use of land for housing (including zoning, land release and land-use controls)
3. Processes and frameworks to deliver new and utilise existing housing-enabling infrastructure (including growth infrastructure planning and developer contributions)

The inquiry does not intend to cover workforce capacity, skills, workplace conditions or the National Construction Code, nor does it extend to broader financial policy settings such as lending rules, interest rates, stamp duty, capital gains tax or negative gearing. Supply chain conditions, building material costs and competition for investment from infrastructure projects are also outside of scope.

MAV welcomed the Productivity Commission's February 2025 research paper [Housing construction productivity: Can we fix it?](#) as an overdue contribution to the national housing debate. The paper's central finding *that dwelling construction labour productivity has declined by 12% over the past 30 years, while whole-economy labour productivity has increased by 49% over the same period*, is consistent with the evidence that MAV and the local government sector have been presenting to successive rounds of planning reform in Victoria. The paper validates the experience of councils across Victoria and indicates the core argument of this submission: that the housing supply crisis is fundamentally a construction economics problem, not a planning regulation problem. MAV urges the Commission to ensure this finding sits at the centre of its final inquiry report, and that its recommendations reflect the full weight of what its own research has established.

The Commission's research into four interacting drivers undermining the delivery of new housing across Australia identified: complex and slow approvals; low levels of innovation and technology adoption; industry fragmentation; and workforce shortages and inflexibility. The paper blames these for the average detached house now taking 10.4 months to complete, up from 6.4 months a decade ago. MAV notes that only the first of the drivers is within the remit of this inquiry. The Commission outlines that the remaining three require nationally coordinated industrial, procurement and skills policy of a sort that sit outside of the planning system. We note that the deterioration of housing supply and quality has occurred throughout a decade of significant planning deregulation and reform in Victoria and nationally.

The National Housing Supply and Affordability Council's (NHSAC) was established to bring together many of the issues the Commission is investigating, including regulation. As the Commonwealth's own legislated, independent housing evidence body, NHSAC's work should be given particular weight. NHSAC's [State of the Housing System April 2026](#) report confirms what MAV has consistently argued: *Australia's housing crisis is the product of structural failures across construction economics, infrastructure financing and social housing investment*. NHSAC's own analysis shows that even before the current Middle East conflict introduced added cost pressures, the dominant constraints on housing delivery were industry fragmentation, labour shortages, and chronic, long-term underinvestment in non-market housing. The report noted that dwelling building completions remained just stable and did not grow. The Council reiterates its five key policy areas:

1. *increasing investment in social and affordable housing*
2. *improving construction sector capacity and productivity*
3. *applying best-practice reform to planning systems and ensuring more developable land is available.*
4. *supporting better outcomes for renters*
5. *and ensuring tax settings support housing supply and affordability.*

On planning systems, the report provides little detail beyond calls for improving planning capability alongside planning system reforms. MAV would support this call. The Commission's final report must reflect this evidence put forward by NHSAC.

Nevertheless, the primary contention of the inquiry is that planning regulation is a significant cause of housing undersupply. MAV's evidence and experience of Victorian councils alongside a growing body of research, presents a more complex picture.

Victoria's planning system already processes and approves tens of thousands of new dwelling applications annually. The majority are determined within statutory timeframes, with over 90% of permits decided under delegation by council planners. As documented in MAVs *Victoria's Housing Statement - Two Years On*, Victoria has completed more new homes every quarter since the Statement's release than any other state. However, most of those homes were approved and commenced before the Statement's new planning controls took effect. That is, the planning system was already approving permits for new homes before further intervention by the state government.

This lag in commencement of planning reforms already completed must factor into the Commission's analysis. The centrepiece of Victoria's reforms to planning approval processes, the *Planning Amendment (Better Decisions Made Faster) Act 2026*, while enacted in February 2026 will not commence until 29 October 2027 – well after the Commission's final report is due. It would be highly inefficient to recommend a new suite of reforms before the current suite – which pose an enormous administrative burden on government, especially councils, to facilitate – has had the opportunity to commence and be measured.

The *Better Decisions Act* is but one element of the overall Victorian reform picture, with a large number of reforms to the Victoria Planning Provisions also implemented since 2023 many of which streamline decision-making and remove planning decision-making considerations (notably the codified residential development). The performance of these reforms are yet to be measured and reported.

Despite significant reforms to Victoria's building system and regulators, community trust in the construction and development sector remains unsurprisingly low.<sup>1</sup> From combustible cladding to defective apartments and estates delivered without promised social, transport and trunk infrastructure, communities have legitimate concerns about what gets built, where and how.

With a long-established history in strategic and statutory planning in Victoria, Councils are the most trusted and primary contact for residents to understand the issues, advocate and exercise oversight of local development. Reforms that remove or diminish that role without a trusted alternative risk making reforms like housing targets politically unsustainable. Residents and businesses are unlikely to visit the offices of the state government planning department or the Minister for Planning seeking answers; they will visit the front desk of their local council first or call their local councillor. The important role that local government plays in enabling housing reform is further evidenced in the OECD's most recent *'Drivers of Trust in Public Institutions in Australia'* report (March 2025) which highlights that local government remains the most trusted level of government in Australia, and most connected to communities.

The Australian Housing and Urban Research Institute (AHURI) and the Planning Institute of Australia (PIA) supports this line of inquiry. AHURI's recent *Inquiry into Australia's housing construction sectors*, published the week before submissions to this inquiry are due, confirms it: the rate of detached housing completions has barely changed in over four decades, and the dominant constraints are market volatility, industry fragmentation and chronic under-investment in skills and innovation. PIA's 2023 report *Planning for the Housing We Need* highlights that planning shapes the location of housing over the long term but does not determine the speed of commencement or completion. PIA notes that Australia faces overlapping housing crises, from covering deposits, rentals, and homelessness yet planning reform is not the short-term fix it is often portrayed as. The PIA report identifies three themes:

1. *enabling housing for those in need (social and affordable housing)*
2. *encouraging housing diversity and good design (better targeted regulation)*
3. *and improving decision-making systems (good governance)*

It explicitly flags that construction labour shortages, high interest rates, capital gains tax settings, decades of underinvestment in social housing, and constrained development finance are not planning drivers, but rather systemic under-investment in constructions and building productivity, and into housing and infrastructure.

Acting on an approval rests with developers responding to market factors like construction costs, finance availability, interest rates, tax settings, infrastructure investment, sales rates and profitability. Meanwhile, the pipeline of approved-but-unbuilt dwellings continues to grow, and council planners cannot assess applications they are not receiving from a market-constrained construction sector. Treating planning

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<sup>1</sup> Equifax 2025 "Trust in Construction Industry Builds, But Concerns Persist Amid Climbing Insolvencies and Push for Housing Supply" accessed 11 July 2026 < <https://www.equifax.com.au/knowledge-hub/news-and-media/trust-construction-industry-builds-concerns> >

regulation as the primary problem will not unlock more homes, but rather create future bottlenecks that shift costs to communities, and the people who will live in disconnected places or substandard housing.

Recent planning reforms have been progressed with limited local government involvement, despite councils being responsible for implementing these through structure planning and infrastructure delivery, permit processes and direct engagement with communities. Earlier co-design of Victorian planning reform with Victorian councils would have strengthened the quality, integrity and workability of planning reforms, ensure local opportunities and constraints are properly considered, and support consistent, transparent outcomes for residents, industry and government – it is disappointing that planning reform in Victoria is being implemented without this joined-up approach.

Local government in Victoria is committed to good faith engagement with the State and Commonwealth Governments on housing reform. That commitment has been demonstrated by action in the examples below. These case studies show how strategic planning, capacity building, advocacy and managing local market-failure are just a few examples of how local government leads in unlocking locally led housing.

### Merri-Bek City Council - Coburg is Here

Merri-Bek City Council released its '[Coburg is Here](#)' strategic plan in November 2025. The plan proposes approximately 1,000 new apartments and townhouses of varying sizes built on currently underutilised at-grade car parks, with over 8,000m<sup>2</sup> of new business and retail space, a \$60 million library-piazza, and consolidated car parking in three locations. With a target of 23-30% social and affordable housing across redeveloped council-owned sites, the plans guarantee a minimum of 90 social housing dwellings. The Coburg area is already well serviced with upgraded train lines, tram routes and bus services, as well as existing social infrastructure.

This is an example of council-led strategic planning seeking to deliver a well-designed, community-backed urban renewal framework that provides the certainty for housing investment. It was built on local knowledge and sustained community engagement. These are strategic foundations that centralised mechanisms cannot replicate and that a developer-led market will not produce on its own.

### Swan Hill Rural City Council – Leading the housing challenge

With just nine rentals available across a municipality of 21,403 residents, Swan Hill Rural City has developed a sustained, multi-pronged housing response. The council found that the constraints on housing delivery were land banking, infrastructure costs and workforce shortages. They also wanted to improve the planning process for applicants to encourage better development for Swan Hill and other towns in the council area.

Key initiatives led by council include the Southwest Development Precinct - a 214-hectare rezoning commenced in 2006 that supports approximately 1,360 dwellings at full development, with over 200 lots now on market; the Tower Hill Residential Estate (407 homes since 2008); A \$5 million workers accommodation project for Robinvale is under construction, due July 2026; and a free Development Advisory Service pairing small developers with independent architects, engineers and planners. Council pays the first \$1000 towards the Advisory Service.

Swan Hill has also auspiced the *Loddon Mallee Housing Action Plan* across ten regional local government areas. The Plan seeks coordinated regional strategic planning across zoning, infrastructure, funding and developer attraction.

## MAVlab's Adopting AI for Planning in Victoria's Councils

MAVlab's award-winning and nation-leading report [Adopting AI for Planning in Victoria's Councils \(2025\)](#), produced with the City of Greater Dandenong under the Commonwealth's Housing Support Program, demonstrates how local government is investing in tools to make planning faster, more consistent and more accountable. The report found that one third of councils are already using or actively planning to implement AI in planning within 12 months.

Developed through consultation with 70% of Victorian councils and over 250 planning professionals, the report provides practical tools that help councils integrate AI while safeguarding democratic values, community trust and human judgment. Across 10 recommendations, the report identified more than 50 practical AI use cases across the planning lifecycle and delivered a first-of-its-kind AI procurement guideline for local government.

The report's central finding is directly relevant to the Commission's work: planning capacity constraints reflect workforce shortages and under-investment in enabling systems.

## 4 MAV response to the Commission's information request

### Approval Processes

MAV rejects the premise that planning controls alone restrict housing supply.

Zoning performs essential market-enabling functions that the Commission's framing does not adequately acknowledge:

- **Certainty for investment:** Zoned land with known development parameters reduces risk for developers. Without zoned land, approved capacity, and enforceable development standards, housing markets would face far greater uncertainty, infrastructure misalignment, environmental degradation and community conflict. Together, these would ultimately suppress investment and delivery far more than regulation itself, and lead to extreme and unpredictable costs where environmental risks have not been factored in to development finance.
- **Staged supply:** Planning frameworks allow governments and councils to sequence land release in ways that support orderly market supply, smoothing the boom-and-bust cycles that have historically undermined housing investment confidence, and ensuring that the concentration in the growth of new communities produce places that are desirable to live in.
- **Infrastructure coordination:** Residential zoning is the mechanism through which development is directed to areas with existing or planned infrastructure capacity of the type that only the Government can efficiently provide - including water, sewerage, transport and schools.

The Commission's assumptions also overlook the substantial capacity already embedded in the existing planning framework and council planning schemes. The Victorian Government's own Housing Capacity Assessment Platform (HCAP) tool - while an imperfect instrument - has demonstrated that most Victorian councils already have zoned residential land capacity well in excess of their government-mandated housing targets. The constraint on housing delivery across most Victorian council areas is not the absence of permissive zoning, but rather the gap between zoned capacity and actual market activation - driven by taxes and charges, infrastructure sequencing, and market uncertainty fuelled by faster and more experimental approaches to planning reform in turn encouraging land-banking.

Supporting this, NHSAC's 2026 report explores a number of constraints that sit beyond zoned capacity. Social housing has declined to just 4% of the dwelling stock - not because land is unzoned, but because decades of underinvestment have left the non-market sector unable to respond to housing need at scale. At the same time, rental affordability has reached record lows, with a third of median income now required to service the median rent. These are not outcomes produced by planning regulation; they reflect decades of underinvestment in non-market housing, tax settings that treat housing as a speculative asset, and a construction sector unable to respond to demand at the scale required. These all sit entirely outside the planning system.

Planning also provides safeguards that make sustainable housing delivery possible in the first place and the consequences of bypassing those safeguards are already apparent in Victoria. The MAV's submission to the Select Committee on Victorian planning amendments VC257, VC267 and VC274 documented how the rushed introduction of deemed-to-comply frameworks removed the ability of decision-makers to consider adopted flood-risk mapping, potentially contaminated land, and environmental hazard overlays. The new planning provisions switched off the requirement to consider them. This is not system efficiency; it is the transfer of risk from the planning system to the building system, to landowners, and ultimately to communities. There is no point deregulating planning approvals only through the lens of housing supply: other planning considerations – notably those that pose risk to human life and health in a fast changing climate – must be accounted for.

The history of planning reform in Victoria illustrates these systemic issues. As the MAV April 2025 submission *Reforming Victoria's Planning System* (Section 4.5) documented, frequent attempts to alter Victoria's planning system to reduce complexity and improve efficiency "have failed to live up to their objectives". A primary cause has been the dislocation of planning system designers in state government from planning system administrators in local government. Reforms imposed without co-design, consultation or regulatory impact assessment do not improve productivity. They create dysfunction and consume the capacity of planners, engineers, designers and environmental experts who could otherwise be approving housing and undertaking strategic planning to unlock new supply.

### City of Boroondara's Housing Trend Tracker

The City of Boroondara's Housing Trend Tracker provides quantitative evidence on the relationship between planning approvals and housing completions.

Developed after councils' planning team identified during the development of council's 2022 Housing Strategy that there was no consistent method in Victoria to determine whether approved housing developments were ever built, the Tracker cross-references planning permits against Building Occupancy Permits. Conversations with MAV, ABS, the Department of Transport and Planning (DTP), industry bodies and other councils confirmed this is not a local problem: Victoria lacks reliable data linking approvals to completed homes.

The data collected by Boroondara's planning department shows that since August 2019, Council has approved 2609 dwellings through multi-dwelling permits, 361 of which have been constructed. This figure does not include DFP applications, in which 805 dwellings have been approved, none of which have been constructed. This is a ratio of just one dwelling built to every seven dwellings approved by that council. Upon surveying developers with permits not acted on, council identified the constraints of construction economics, developer sequencing and market timing.

The tracker is low-cost and replicable, and the council is already discussing sector-wide adoption with other councils, MAV and the state government. Boroondara's housing target under Plan for Victoria is 65,500 new dwellings by 2051; the council will use the Tracker to help the council realise its housing targets but also increase accountability on all levels of government including the local development sector.

While planning reform aims to improve outcomes, MAV has identified that there is insufficient transition funding and workforce support, creating risks to service delivery, staff retention and decision quality. For example, a looming deadline for local government is 29 October 2027, when reforms to Victoria's planning permit approval processes must commence, by virtue of the *Planning Amendment (Better Decisions Made Faster) Act 2026*. While the Victorian government has announced that they will develop a

business case to implement a state-wide planning applications portal and ICT system, there is no funding commitment to ensure that this will happen, and if it does happen it certainly will not be able to be fully implemented by October 2027. There is a risk that all 79 councils will be left implement their own, individual interim solutions – directly undermining the government’s goal of streamlining planning decisions at the local level, with potential adverse consequences for the planning approvals process.

The *Planning Amendment (Better Decisions Made Faster) Act 2026*, while enacted in February, will commence well after the Commission’s final report is due. This Act is a wholesale rewrite of the planning permit approvals framework: it would be highly inefficient to recommend a new suite of reforms before the current suite – which pose an enormous administrative burden on government, especially councils, to facilitate – has had the opportunity to commence and be measured.

Councils, along with other authorities, require time, resources and coordinated systems to implement reforms effectively. Coordination adds value by consolidating sector experience and advocating for staged implementation and investment in enabling systems.

It is this spirit that MAV strongly supported Reform Direction 4.1 of the Commission’s housing construction productivity paper, which calls for adequately resourced local governments as a prerequisite for planning approval performance targets. The paper explicitly acknowledges that under-resourcing of approval agencies, including local governments, is a structural cause of delay – and not of regulatory design. This finding directly contradicts the policy approach that has characterised Victoria’s *Housing Statement* implementation, which has shifted resources and capacity away from councils and authorities into Ministerial pathways, while simultaneously redirecting application fee revenue away from the councils performing the work. If the Commission’s concern is approval timeframes, the evidence in its own research paper points toward investing in local government capacity, not bypassing it.

#	Recommendation:	Action:
1	<b>Reframe the inquiry's central tenet that planning regulation is the primary constraint on housing supply</b>	<i>The Commission should observe that planning regulation is not the primary constraint on housing supply in Australia. The Commission should instead acknowledge the comprehensive and coordinated approach to housing supply and affordability being taken by the National Housing Supply and Affordability Council.</i>
2	<b>Refrain from recommending major reform prior to measuring the effect (or estimating the likely effect) of reforms already agreed</b>	<i>The Commission should recognise the inefficiency inherent in proposing reforms to instruments already agreed to be reformed, but where those reforms are yet to commence. The complexity and uncertainty inherent in this approach erodes market confidence. Confidence can be re-established through demonstrating the effectiveness of reforms already agreed, by measuring their performance. Victoria would be a useful case-study due to the State’s many planning reform projects agreed since 2023 without a consistent performance measurement framework in place.</i>
3	<b>Establish consistent approvals-to-completions tracking system</b>	<i>The Commission should recommend that state governments be required to publish matched approvals-to-completions data annually, at the state, local government and precinct levels</i>
4	<b>Supporting implementation and change transition resourcing and support</b>	<i>The Commission should recommend that state governments fully fund their planning reform programs to ensure their complete implementation ahead of enlivening of legislation or regulatory changes. For example, the Victorian Government should undertake a budget allocation to build and commence a statewide planning permits lodgement system, to provide for consistent and cost-saving approaches for all responsible authorities, referral authorities and applicants, in order that the State’s own objectives for their own reforms can be realised.</i>

## Availability and use of land for housing

We provided analysis on how zoning reform is directly relevant to the Commission's broader questions about land use in the previous section.

In this section, the submission will outline the opportunities and constraints for councils and authorities to use their land and assets to unlock local housing opportunities. The Commission will already have noted the case study examples of Merri-Bek City Council and Swan Hill Rural City Council using their own land and internal capacity to unlock locally-led housing outcomes and the report *Adopting AI for Planning in Victoria's Councils* (2025) report. This section focuses on the work and findings of the MAV and City of Greater Dandenong's *Local Government's Housing Innovation Program*, which showed that state tax settings are a significant and often insurmountable barrier to unlocking land for housing.

### Local Government's Housing Innovation Program

MAV has led the way in developing and implementing the [Local Government Housing Innovation Program](#) with the City of Greater Dandenong under a Commonwealth Housing Support Program grant. The program has four multi-faceted projects:

- Leading Communities Through Housing Change: To help councillors navigate the changing landscape of housing supply and policy, the MAV has designed the professional development program *Leading Our Communities Through Housing Change*. The program provides a holistic suite of resources designed to support, develop, and empower Councillors in their service to the public to build social license in communities.
- Adopting AI for Planning in Victoria's Councils: MAVlab produced the groundbreaking and award-winning report *Adopting AI for Planning in Victoria's Councils* (2025).
- Exploring under-utilised public land
- Exploring adaptive re-use of council-owned buildings

It is the latter two this submission will highlight as the outcomes provide key learnings the Commission should consider as part of its inquiry.

Government-owned land, such as former schools, civic buildings, depot sites and transport-adjacent parcels, are a significant and underutilised housing opportunity pipeline. Many sites are well located, well serviced and capable of supporting housing development. The *Local Government Housing Innovation Program* has built a practical framework for identifying and activating these assets with case studies, demonstrating that councils of various scales, geography and capacity can deliver results when they have the right tools, and the settings are right.

The program developed and tested prototype designs on six real council and government-owned sites across metropolitan Melbourne and regional Victoria. Each site was selected to demonstrate a different development context, scale and typology to create a replicable evidence base they can apply to similar sites in their own areas.

The Housing Innovation Program work identified tackling land preparation, cost reduction, partnership structures and community confidence will unlock better locally-led housing outcomes. The program's research and prototype testing produced findings that every council working on housing can understand and put into practice:

- Build a local evidence base. Councils that understand their community's housing needs (i.e. population change, rental stress, key-worker demand, homelessness pressures) make better land, partnership and advocacy decisions.
- Lead the housing conversation. Publicly discussing construction costs, feasibility constraints and development realities builds institutional confidence and reduces reliance on assumptions. Informed councils make stronger advocates.
- Engage the market on council's terms. Construction costs have surged since the pandemic and remain consistently high regardless of location - but revenues and viability vary significantly by market context. Early, flexible and well-structured market engagement, by inviting a range of delivery models based on innovation, improves results.
- Support innovative approaches. At-scale housing delivery on public land is not currently commercially viable under a purely private model, even with land contributed at no cost. Councils should actively welcome proposals that depart from convention where they demonstrate clear public benefit and ensure internal assessment processes do not inadvertently penalise innovation.

- Affordable and social housing requires subsidy to be viable. Community Housing Organisations (CHOs) are critical partners, able to unlock financing through the Housing Australia Future Fund and National Housing Accord programs that councils cannot access directly.

MAV wants to work with Commonwealth and State Governments to progress a research and policy agenda to close the remaining gaps between strategic intent and housing delivery on the ground. This agenda is designed to make it easier, faster and cheaper for councils to bring housing on public land to market, and to build the institutional confidence and shared knowledge the sector needs to lead.

- Build a standardised council asset framework: Establish consistent methodology and data standards for auditing and categorising council-owned land and buildings — enabling benchmarking, cross-council learning and strategic asset management. Develop a sector-wide performance framework measuring housing yield, tenure mix, affordability outcomes, design quality, environmental performance and time to delivery.
- Close the viability gap - new delivery and finance models: Conduct comparative analysis of delivery structures suited to different contexts: metropolitan, regional, rural and growth areas. Develop clear guidance on risk allocation across councils, State Government, CHOs and private partners. Research how subsidised and blended finance models that make social and affordable housing viable on council land.
- Reduce the cost and time of delivery: Quantify the impact of early-stage site preparation and pre-approval pathways on holding costs and overall feasibility. Evaluate accelerated approval models for publicly led housing projects. Identify procurement approaches that reduce transaction costs for councils and their delivery partners.
- Unlock precinct-scale coordination of public land: Identify governance models that enable coordinated delivery across multiple public landowners (councils, State agencies and VicTrack) to realise the full potential of precincts rather than isolated parcels.
- Deepen the evidence on adaptive reuse: Publish practical guidance on when adaptive reuse outperforms demolition and rebuild across three dimensions: embodied carbon, cost and delivery time. Map the regulatory barriers to adaptive reuse in Victoria and identify proven approaches to overcoming them.
- Build community licence for change: Evaluate which community engagement approaches most effectively build trust and sustained support for housing growth. Develop an evidence-based communications toolkit so councils can explain housing economics, trade-offs and local need in plain language.

The program's findings – [all contained on MAV's website](#) – should be read in along with this submission.

#### Impact of state taxation on local project viability

The Victorian Government Windfall Gains Tax (WGT) is emerging as an unintended barrier to council-led housing delivery across Victoria.

MAV has been collecting evidence from councils on how the tax is affecting housing projects, strategic rezonings and activity centre planning. A consistent picture is emerging. The WGT is meant to capture private windfall profits, but it is increasingly being felt by councils, like community housing projects that have no profit motive, but are seeking to deliver a net public good.

#### City of Whittlesea's affordable housing project shelved

City of Whittlesea has been one of the most active councils in documenting WGT impacts. Council has advised MAV that some projects are simply not proceeding because neither council nor proponents can absorb the windfall gains liability. A proposed affordable housing and residential development at Huskisson which included 15% affordable housing is among the projects identified as having being shelved due to WGT financial implications. Whittlesea has publicly set out its position in a dedicated advocacy paper.

### Murrindindi Shire Council's affordable and key worker housing stalled

Murrindindi provides a concerning illustration of the problem. A council-led affordable and key worker housing development in Eildon. The proposed 14 dwellings attracted an estimated WGT liability of approximately \$162,500. Council formally sought a one-off exemption on the basis the project delivers a public benefit rather than private profit, characterising the impost as an "unintended financial penalty" on urgently needed key worker and regional housing. The additional cost was identified as a direct threat to the project's viability and timing.

### Pyrenees Shire Council's small town growth curtailed

Pyrenees has flagged that the WGT is shaping planning decisions before projects are even sought by local developers. That council's current approach is often to structure strategic planning activities to avoid triggering WGT liabilities. The outcome can compromise best-practice planning and constrain growth in small rural towns. The tax is influencing land use decisions in ways that work against regional planning and locally-led housing objectives.

The three case studies above illustrate the range of impacts councils are experiencing, from projects stalling to councils actively avoiding preferred planning outcomes to reduce WGT exposure. Taken together, they make a strong evidence base for reform.

Several consistent themes have emerged from across the sector:

- WGT can operate as a disincentive to strategic rezonings and growth planning
- Councils may alter or avoid preferred planning outcomes to reduce WGT exposure
- Public benefit projects, including affordable and key worker housing initiatives, can still attract WGT liabilities despite not being profit-driven developments
- Council-owned land intended for ongoing public/community use can be unintentionally captured through state-led rezonings
- There is concern the tax may undermine broader state housing and activity centre objectives by increasing delivery costs and reducing project feasibility

The Commission's recommendations on land availability should support councils to activate their own assets and work with partners to unlock housing supply where it is needed the most. Through dedicated feasibility funding, planning pathways that recognise council-initiated projects, and state and Commonwealth frameworks that treat council land as a priority housing delivery pipeline.

#	Recommendation:	Action:
5	<b>Exempt council-led public benefit housing projects from windfall gains taxation</b>	<i>The Commission should flag Victoria's Windfall Gains Tax as a live example of state taxation working against housing supply objectives, and recommend that the Victorian Government exempt council-led public benefit housing projects (particularly social, affordable and key worker housing) from WGT liability.</i>
6	<b>Support councils, state government and federal government with land activation</b>	<i>The Commission should support councils, state governments and the federal government to activate their own assets through dedicated feasibility funding, strategic planning and land assembly pathways that unlock feasibility, and develop frameworks that treat government land as a priority housing delivery pipeline.</i>

### Processes and frameworks to deliver new and utilise existing housing-enabling infrastructure

The MAV supports the Commission's position that Australia's housing supply challenge requires funding an infrastructure deficit that has accumulated in our fastest-growing communities for decades. Local government sits at the frontline of that challenge and is responsible for coordinating the infrastructure that makes new homes possible. Yet council and developer contributions schemes are chronically

underfunded, and complex to administrate. In Victoria and other states, the local government sector has largely been excluded from state government reforms to infrastructure contributions systems, despite the sector's enormous stake in administering, collecting and investing funds raised, and in shaping the long-term outcomes.

In the 2026 Federal Government's budget announced a \$2 billion Local Infrastructure Fund as an urgent and necessary federal investment. MAV welcomed the investment, and recognises the scale of ambition in this from the Commonwealth. We are, however deeply concerned about the Local Infrastructure Funds' conditionality. Tying federal infrastructure investment to state planning reform risks further sidelining local government at precisely the moment councils need stronger, not weaker, regulatory frameworks to coordinate housing and infrastructure delivery. The experience of local government in Victoria is that councils are increasingly sidelined, and rarely consulted on the reforms that affect it most. Undermining infrastructure delivery frameworks in pursuit of speed will not close the infrastructure gap but rather risks widening it.

*While MAV and all councils welcomed the fund's announcement, in Victoria alone, individual councils are already carrying funding gaps far greater than the Commonwealth's total funding commitment.*

The MAV July 2025 interim submission on infrastructure contributions reform was the first state-wide stocktake of Victoria's contributions system. The research, supported by independent trusted consultants, makes a strong case for bigger investment into growth-enabling infrastructure:

- The existing infrastructure contributions system in Victoria is already carrying about \$14.7 billion in planned but unfunded or partially funded infrastructure obligations that will unlock 1 million homes. This burden falls mostly on councils to cover
- The infrastructure gaps fall hardest on fast-growing councils. The City of Melton, Mitchell Shire Council, and Hume City Council collectively face over \$1.5B in infrastructure funding shortfalls. These councils are expected to deliver the most housing under Plan for Victoria's Housing Targets
- While much of the infrastructure funding gap burden is in the growth areas, inner-city Melbourne precincts carry a gap of up to \$251 million
- Annual collections from developers are a fraction of what's actually needed. We recognise that developers need only contribute, however \$580M/year in contributions versus billions in infrastructure projects that communities rightly expect to be delivered is leading to many shortfalls in infrastructure and housing delivery

MAVs work identified the following as directly relevant to reforming Victoria's infrastructure contributions system:

- For every dollar of revenue collected, councils manage approximately \$10 of physical community assets. Rate capping severely constrains their capacity to bridge infrastructure funding gaps, meaning costs shift to existing ratepayers or are deferred to future generations
- Victoria's planned contributions reform will not be operational until 2027–28, leaving a multi-year transition period during which current inequities will worsen. MAV has called for interim funding to prevent councils deferring essential infrastructure projects that underpin housing delivery
- Works-in-kind agreements, which allow developers to construct infrastructure in lieu of cash contributions, provide critical flexibility

The challenges and costs councils face in delivering key infrastructure continue to increase. This can mean delays or reductions in scope of infrastructure programs, as well as needing to cut other services to fund the increased costs. It can also lead to cost-of-living pressures on households.

The cost of delivering infrastructure, and construction in particular, has increased rapidly since the pandemic, and MAV understands that over 80% of councils are experiencing weaker response to tenders from industry. Meanwhile accessing services, materials, and skill shortages are leading challenges, while infrastructure pipelines in Victoria are exceeding the capacity of industry to deliver.

Local government's asset to revenue ratio is substantially different to other levels of government. Councils have large assets to manage, yet significant constraints on revenue (including imposed limits on own-sourced revenue such as the rate-cap and statutory fees). Councils need increased flexibility around how grant funding can be used, and increases to untied grants are seen by councils as the most promising response to these challenges. MAV advocated for increasing the quantum of funding available

for Financial Assistance Grants, and we call on State and Federal government to invest in key programs such as early years infrastructure, addressing severe skill shortages facing local government, and the impact of restrictions on own-source revenue through the rate cap.

The Commission's final report should address infrastructure financing directly, and call for greater ambition and better targeted investment from federal and state governments. Without a properly resourced and designed infrastructure contributions and broader funding system that provides certainty to developers, protects communities and maintains the financial sustainability of councils, faster planning approvals will produce more approved-but-unbuilt dwellings. They will not deliver the homes required under accords that all levels of government have signed up to.

Finally, MAV draws the Commission's attention to a gap in its housing construction productivity research that is relevant to this inquiry: the relationship between infrastructure provision and construction productivity. The paper's analysis of completion time blow-outs and "cascading failures" in the construction sequence notes that delays continue even after planning approvals are granted, as projects wait for essential infrastructure connections. This is the kind of infrastructure sequencing problem that our submission documents through local government's \$14.7 billion infrastructure funding shortfall. No amount of planning deregulation will resolve construction delays caused by absent water, sewerage, roads or utilities. The Commission's final report should connect these two bodies of its own work and ensure that infrastructure investment sits alongside construction productivity reform as a co-equal priority for improving housing supply outcomes and for facilitating complete and connected communities.

#	Recommendation:	Action:
7	<b>Remove the conditionality on the Commonwealth's Local Infrastructure Fund</b>	<i>The Commission should recommend that the \$2 billion Local Infrastructure Fund be distributed to high-growth councils without conditions tied to state planning reform compliance. Infrastructure investment should be triggered by demonstrated housing growth need, not by a council's role in the state government's reform agenda.</i>
8	<b>Increase financial flexibility and untied grant funding for local government</b>	<i>The Commission should recommend that the Australian Government increase the quantum of Financial Assistance Grants and expand the proportion of untied funding available to local government.</i>
9	<b>Address infrastructure financing as a prerequisite for housing delivery</b>	<i>The Commission's final report should explicitly recognise that infrastructure financing reform is a necessary condition for increased housing supply — not a secondary consideration. The Commission should call on Commonwealth and State governments to pursue greater ambition and better-targeted investment in infrastructure, and to work with local government to design infrastructure funding frameworks that provide certainty to developers, protects existing communities, and maintains council financial sustainability.</i>

## 5 Reforming Victoria's planning system – a cautionary tale

Victoria is frequently cited as a national leader in housing supply reform through planning system deregulation. MAV supports the ambition of the government's 2023 Housing Statement and has sought to work constructively with government to enable its effective implementation – despite no council or MAV being consulted in its development or implementation. It is likely other peak bodies in the development sector were provided more insight into the Statement's recommendations and actions. A few weeks after the Statement's release, MAV requested a Memorandum of Understanding with the Victorian Planning Minister to establish genuine partnership on reforming Victoria's planning system. That request was declined.

Since the Housing Statement's release, the Victorian Government has introduced the following without co-design, meaningful notice, a clear and timely pathway for transition, or regulatory or legislative impact assessments:

- rewrote and greatly expanded the *Planning and Environment Act 1987*

- rushed major changes to the Victoria Planning Provisions (the zones, overlays and design codes)
- replaced the metropolitan Melbourne planning strategy and deleted regional growth plans to replace with a higher-level Plan for Victoria
- introduced Housing Targets without underlying methodology
- various targeted rezoning programs

None of the Housing Statement's actions with relevance to local government have undergone a assessment that considers whether outcomes can be achieved, or analysed the costs and impacts. No evidence was provided by the government that its reforms will unlock more housing, or increase the rate of construction.

Since each of these reforms have been introduced, the government has had to 'fix' poor or incorrect drafting, reissue guidance, and commit to reviews – without providing opportunities for input or to share data with stakeholders. MAV has consistently called out the unreasonable resourcing impacts on councils caused by the introduction of major changes to the Victoria Planning Provisions without warning.

The MAV's September 2025 sector brief on *The Housing Statement – Two Years On* documents important risks in the current implementation approach that the Commission should weigh carefully before recommending similar models elsewhere. The brief outlined how the cascading introduction of new statewide planning provisions without notice or transition has created significant disruption. For example, the new 'Townhouse and Low-Rise Code' was published for the first time on the day it took effect, requiring council planners to simultaneously understand the new provisions, update internal systems, advise applicants and determine applications under the new rules. State-government led upzoning programs around activity centres and public transport corridors, as well as the introduction of housing targets, have seen councils pause or abandon housing-related strategic planning projects. No local infrastructure plans were prepared or consulted on with communities until after the upzoning had occurred.

Victoria's recent planning reforms are also a warning that efforts to streamline regulation must not come at the expense of core objectives such as safety, resilience and long-term performance. Previously in this submission, we have highlighted that reforms that achieve efficiency by constraining or 'switching off' key considerations, including climate and natural hazard risk, may reduce upfront approval burden but create longer-term costs and inefficiencies across the system. The CASBE submission to this inquiry goes into these matters in depth, charting the Victorian planning reform program. CASBE highlights that reduced capacity of planners to consider site conditions and performance can undermine housing supply outcomes over time through:

- Higher infrastructure demand
- Increased lifecycle costs
- Reduced viability and resilience of housing

These matters reflect our broader concern that streamlining may be occurring before robust standards are in place to address hazard risks currently managed through existing local planning policy-based controls which have now, by-and-large, been switched off. Not all reductions in approval steps represent genuine efficiency gains. In some cases, they reflect a reduced scope of assessment, which may have unintended consequences for development outcomes and system performance in the future.

To address the issues that emerged since the Housing Statement's release, MAV published *Reforming Victoria's Planning System* in April 2025, a comprehensive submission to the Victorian Government setting out a blueprint for reforming the planning system. It aimed to achieve:

- A high-impact, low-footprint planning system, producing certainty for industry, regulators and communities
- The delivery of housing that Victorians need
- Resilience in a changing climate and addressing intergenerational equity
- Public participation targeted efficiently
- Social licence through State-Local Government and Community partnerships
- Integrity, Transparency and Accountability
- Strong planning system stewardship and continuous improvement.

The Victorian Government has not responded to the submission.

Councils are by far the largest employer of planners in Victoria. Victorian councils and their planners are the most prolific users of the *Planning and Environment Act 1987* and its subordinate legislation, and local government is therefore the level of government most exposed to planning system changes.

### Unmeasured cost-shifting

Since the Housing Statement was released, three new Ministerial approval pathways have been created: Clause 53.22 (significant economic development), Clause 53.23 (significant residential development with affordable housing), and Clause 53.25 (the Great Design Fast Track). Each pathway overrides some built form controls in the planning scheme and vests decision-making authority in the Minister. While faster timeframes are promised, no evidence of performance against those timeframes has been published.

Council planners remain integral to these pathways. Councils hold the property data needed to issue notice correctly, and the technical expertise needed to provide accurate conditions covering municipal responsibilities, like waste collection, parking and traffic, street trees, land use conflicts, covenants and permit histories held on council systems.

What has changed is how assessment and decision-making are structured. Where previously a single body could manage both, applications are now split across the Department, the council, and the Minister, with the final decision made in a closed forum, away from public scrutiny. This fragmentation reduces transparency and limits the opportunity to build community trust in the process. The practical result is that councils are doing as much work as before, and in many cases more, given increased public enquiries, while the Victorian Government collects the application fee.

The Commission should be cautious about recommending reforms modelled on approaches with unproven effectiveness, imposed as the result of a rushed process without meaningful state-and-local government and industry consultation.

#	Recommendation:	Action:
10	<b>Require genuine state-local government partnership as a precondition of planning reform</b>	<i>The Commission should recommend that any state government planning reform with material implications for local government be subject to: co-design with the local government sector; a regulatory impact assessment accounting for costs imposed on councils; adequate transition arrangements; and a formal partnership agreement with the relevant peak body. Reform imposed without these conditions has measurable costs and should not be held up as a national model.</i>
11	<b>Require regulatory impact assessments before planning reforms take effect</b>	<i>The Commission should recommend that all state governments be required to complete a regulatory or legislative impact assessment (as the case requires) before any change to planning provisions takes effect, inclusive of an impact assessment on the administrative efficiency of all arms of government.</i>
12	<b>Restore application fees to the bodies conducting statutory assessment</b>	<i>Where councils assess applications under Ministerial approval pathways, the application fee, or a fair portion, should be retained by the council. The current arrangement in Victoria is an unacknowledged cost-shift that is eroding the capacity of councils to facilitate timely planning approvals and should be corrected immediately.</i>
13	<b>Do not recommend Victoria's Housing Statement implementation as a national model</b>	<i>The Commission should withhold endorsement of this model until effectiveness is established by evidence. In particular, the creation of Ministerial approval pathways that fragment assessment, remove public scrutiny, and shift costs to councils while redirecting fees to the state should not be recommended as a template for other jurisdictions.</i>

## 6 Improving housing supply productivity

In the absence of improvements to construction and building productivity, accelerated planning approvals will generate more approved-but-unbuilt dwellings rather than the additional homes all levels of government have committed to deliver under housing accords.

AHURI's 2026 inquiry into Australia's housing construction sectors is a thoroughly comprehensive examination of the industry, as are the *State of the Housing System* reports by NHSAC. Their conclusions are directly relevant to this inquiry. The rate of detached housing completions has barely changed in over four decades. Apartments are taking longer to build than a decade ago. The construction sector's fragmentation is massive: the number of building firms nearly doubled between 2008 and 2025. Market volatility drives boom-bust cycles that destroy skills, capital and innovation capacity precisely when the Victorian's and Australia relies on builders the most. NHSAC estimates that even under pre-Middle East conflict conditions, the National Housing Accord was on track to fall short - and that a sustained increase in construction costs of just 10% could reduce completions by 33,000 dwellings by mid-2029. Planning deregulation cannot address this fragility.

PIAs analysis reinforces this: a 30% surge in residential construction costs over recent years has led to widespread project deferral, and three-quarters of approved-but-not-commenced Victorian dwellings are apartments and townhouses, which are the housing most needed in well-served locations and most sought through government planning reforms. MAV notes that the development sector's peak bodies regularly lament the lack of viability in the types of new housing being sought.

Government has a direct role to play in addressing construction productivity. For example, Modern Methods of Construction like prefabrication, modular housing and industrialised building approaches offer productivity gains and more consistent outcomes that give buyers the confidence they are looking for. The Commission has previously found that private investment in prefabrication and modular construction will not occur at scale without stable, countercyclical demand that only government can provide, and that the construction sector's innovation deficit is partly a product of the 'chilling effect' of frequent and unpredictable regulatory change.

Both findings have direct implications for the current inquiry. First, they support MAV's call for a national MMC demonstration program anchored by government procurement, which is a supply-side policy the research paper identifies as necessary, but which planning reform does not provide. Second, they provide further evidence that the rapid, uncoordinated regulatory changes undertaken in Victoria since the Housing Statement have actively undermined the conditions needed for construction industry investment and innovation. Regulatory stability, not regulatory minimalism, is what the evidence recommends.

NHSAC, AHURI and PIA all reach the same conclusion: construction economics, not planning regulation, is the primary constraint on housing delivery. MAV urges the Commission to place that conclusion at the centre of its final report.

#	Recommendation	Action:
14	<b>Improve national construction economics and productivity</b>	<i>The Commission should follow the recommendations and research of the NHSAC, AHURI and the PIA in confirming the further scope of investigation into better regulation for housing supply.</i>
15	<b>Establish a national Modern Methods of Construction demonstration program</b>	<i>The Commission should recommend that the Commonwealth, in partnership with state governments and local councils, establish an MMC demonstration program using government-owned land, procurement frameworks and Commonwealth capital to provide the stable demand needed to attract private investment.</i>

MAV would be pleased to provide clarification on any information in this submission. For further information, please contact:  
MAV Planning & Sustainable Development Lead, James McLean at [Redacted]

Municipal Association of Victoria  
Level 5, 1 Nicholson Street, East Melbourne VIC 3002  
PO Box 24131, 6 Southern Cross Lane, Melbourne VIC 3000  
Telephone: 03 9667 5555 Email: [inquiries@mav.asn.au](mailto:inquiries@mav.asn.au)  
[www.mav.asn.au](http://www.mav.asn.au)