



An Australian Government Initiative



Regional
Development
Australia
GIPPSLAND

Regional Development Australia Gippsland Submission

September 2026

Housing supply regulation-interim report

Regional Development Australia Gippsland (RDA Gippsland)

Regional Development Australia Gippsland is one of 52 entities established by the Australian Government. RDA's advance economic development, attract investment and create jobs across Australia. They identify economic opportunities and leverage private and public sector investment into regions; they engage across government, business and community organisations to develop confident regional economies that harness their competitive advantages. In Victoria, RDAs are also supported by the Victorian Government.

Scope of the inquiry

The Productivity Commission is set to conduct an inquiry to assess how regulatory systems affect housing supply across jurisdictions, identify best practice and recommend reforms to get more homes built quickly across the following matters:

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

RDA Gippsland Submission

RDA Gippsland welcomes the opportunity to contribute to the Productivity Commission's understanding of the rules and regulations that impact housing supply. RDA Gippsland hopes its contributions will support improved productivity and help Australia build more homes.

Regional context

Gippsland's population growth has remained steady, although it varies across the region. This has created pressures in some parts of Gippsland and a loss of critical population mass (to support local service and business) in other parts. The demographic profile indicates growing demand for smaller and more diverse housing products including townhouses, terrace housing and small apartments. However, constrained supply

of these dwelling types is limiting the region's ability attract and retain the workers required to support economic growth.

On a per-capita basis, Gippsland's availability of one and two bedroom rental accommodation is approximately one-fifth that of metropolitan Melbourne. Limited availability has contributed to significant price growth, with rents increasing by 45 per cent between 2020-2025, more than triple wages growth over the same period.

Gippsland requires innovative approaches to housing delivery and urban development which provide stable and effective signals to the development market. Federal and State agencies must work cooperatively to facilitate infill development and planning settings which positively influence appropriate density within established town centres, CBDs and activity nodes.

RDA Gippsland believes that the region can play a meaningful role in delivering on the Victorian and Australian Governments' housing supply targets.

Response to information requests

Information request 3.1

When is discretion useful in planning processes, and when is it not useful? Are there examples of subjective requirements that should be changed or removed to improve certainty for developers?

Developers and the housing construction sector consistently identify planning complexity and variation across jurisdictions as significant barriers to housing delivery. While Victoria's 79 local governments play an important role in reflecting community aspirations through local planning schemes, inconsistent planning requirements increase costs, create uncertainty and delay projects. Greater standardisation of planning processes and requirements would improve efficiency, reduce development costs and support faster housing delivery. The undertaking of cross-border economic analysis could also aid in reducing red tape and addressing inconsistencies between states.

RDA Gippsland supports, where appropriate, increased housing density in established regional centres, employment and activity hubs, and areas with access to transport. Planning reforms that encourage well-designed dwellings in these locations would make more efficient use of existing infrastructure while supporting housing supply objectives.

Information request 2.2

Can you provide information, data or analysis on the degree to which available land is a barrier to new housing supply?

In regional areas, the availability of land is generally not the primary barrier to development. Rather, the cost of providing the enabling infrastructure needed to service that land can be prohibitive. Lower population densities and slower rates of development often mean that the commercial returns from infrastructure investment do not justify the upfront costs, creating a market failure that can constrain housing and industrial land supply without government intervention.

In regional communities like Gippsland there are significant impediment to housing development due to overlays including bushfire, flood and land subject to inundation overlays. RDA Gippsland recognises that flood and bushfire overlays play an essential role in protecting life, property and community safety. However, concerns are consistently raised that the application of overlays can reduce land supply, increase development costs and create planning uncertainty in regional communities. Greater consistency in

mapping, improved transparency, faster assessment processes and infrastructure investment to mitigate natural hazard risks may assist in balancing community safety objectives with the need to increase housing supply and affordability.

Information request 4.3

How can governments balance the need to support feasibility for developers by collecting developer contributions later in the development process, with a need for upfront funding to kickstart infrastructure to support new housing?

The current **Developer Contribution** process is failing to deliver vital infrastructure required to support growth and economic development in regional communities. The system can create inefficiencies, constrain housing supply and leave local government, infrastructure authorities and ultimately ratepayers exposed to unforeseen infrastructure costs.

RDA Gippsland supports the principle that developers should contribute to infrastructure that is directly attributable to their development. However, we recognise that the cost and complexity of precinct-wide infrastructure can be difficult for individual developers to reconcile within the commercial parameters of a project. Transparent, consistent and easily understood mechanisms for calculating Developer Contribution Plan (DCP) obligations are therefore essential.

As a guiding principle, RDA Gippsland recommends that contributions are based on the cost of the infrastructure required and that infrastructure planning adopt a holistic framework which considered the full range of site-specific complexities, interdependencies and future servicing requirements at each site.

Regional Victoria experiences a particular challenge where the cost of infrastructure often exceeds the commercial return available from development. In these circumstances, there is limited private sector incentive to unlock housing and employment growth. Generally, this can lead to infrastructure gaps being met by Council, State Government or Commonwealth Government investment.

The strong demand for recent infrastructure funding programs demonstrates the scale of this challenge. The Victorian Government's Trunk Infrastructure Fund, established to support the activation of industry and employment precincts across regional Victoria, was heavily oversubscribed. Similarly, local government partners across Gippsland have expressed significant interest in the anticipated Commonwealth Government \$2 billion Local Infrastructure Fund to support housing-enabling infrastructure. There is a strong expectation that demand for this program will also substantially exceed available funding.

In general, RDA Gippsland supports calls for the system to be transparent, consistent and simpler to navigate. We also support targeted infrastructure funding programs that recognise the unique economic challenges of regional and rural communities, where lower development yields can make essential infrastructure development are commercially unviable.

Overall, RDA Gippsland believes that housing supply in regional and rural communities should not be constrained by geography or the disproportionate cost of infrastructure provision.

That said, RDA Gippsland strongly supports initiatives that maximise the use of existing infrastructure through brown field development, infill development and increased housing density in established urban precincts. These approaches can deliver housing outcomes more efficiently while reducing the need for new trunk infrastructure investment.

As identified in the interim report, many councils indicated they could not cover trunk infrastructure expenses. Investment in grants, low-interest loans and pathway initiatives to support trunk infrastructure development would allow more housing-enabling infrastructure.

Land use planning and precinct structure planning processes, should also provide greater transparency regarding future infrastructure requirements. This would support more informed investment decisions by developers, infrastructure providers and local communities.

RDA Gippsland sees an important role for State and Commonwealth Governments in providing up front funding that can subsequently be recovered over time through developer contributions or other cost recovery mechanisms. This approach is particularly relevant where trunk infrastructure is designed to service future stages of development or broader precinct outcomes beyond the initial development phase.

Gippsland can demonstrate many examples where long-term town planning has not kept pace with exponential population growth, for example, Warragul and Drouin in Baw Baw Shire, are seeing delays to new land release due to developers being responsible for costly major road infrastructure which acts as a burden and disincentive to proceed with a development, particularly where the economies of scale do not support the required investment to deliver on major road network infrastructure such as roundabouts or traffic signals.

Information request 2.1

What land-use controls need to change to enable more alternative dwelling types to be built? What impact would such reforms have on housing supply?

Is there a need for further reforms to enable a greater supply of small secondary dwellings such as granny flats?

The current planning settings create a significant barrier for smaller, intensive agricultural businesses that need reliable access to seasonal workers. Victoria allows on-farm accommodation for up to 10 agricultural workers without a planning permit where land is at least 40 hectares and within the Farming Zone. However, many wineries, vineyards, nut producers, orchards and intensive horticultural enterprises operate successfully on substantially smaller holdings—often around 5 to 30 hectares, while still having genuine and significant seasonal labour requirements. Internal industry work has similarly identified planning regulation as a specific constraint on wineries and farms seeking to provide accommodation.

The intent should be to review the 40-hectare threshold so that eligibility reflects demonstrated workforce need, rather than land area alone. A more flexible pathway for legitimate rural worker accommodation on smaller productive holdings would help businesses attract and retain seasonal workers, increase productivity and build resilience during peak periods. Vineyards as an example can have specific seasonal requirements, including pruning, canopy management, harvesting, frost protection and irrigation monitoring, and that limited or costly short-stay accommodation can make attracting workers from outside the immediate region difficult.

Providing an appropriate pathway for these businesses to accommodate workers on-site could also reduce pressure on scarce rental accommodation in regional towns, reduce worker transport requirements and enable family-owned agricultural businesses to grow without relying disproportionately on family labour at peak times. The objective is not to enable unrestricted residential development in Farming Zones, but to create a proportionate planning pathway for genuine worker accommodation that is clearly connected to an operating agricultural enterprise and demonstrated labour need.

Housing supply also impacts the ability for the region to attract, retain and train skilled labour. High-demand locations often see competition between short-stay accommodation and worker housing. **RDA Gippsland encourages consideration** of collaborating and co-investing with the Victorian Government on programs such



as the Regional Worker Accommodation Fund to deliver essential housing for key workers in areas of regional need.

Any questions in regard to this submission can be directed to Sara Rhodes-Ward, Director Regional Development, RDA Gippsland at [Redacted]. We welcome opportunities to discuss or engage on these points further.

Yours sincerely,

Kellie O'Callaghan
Chair
Regional Development Australia
Gippsland