MAV Sector Submission: Productivity Commission's interim report into Housing Supply Regulation

September 2026

The voice for
local government

MAV
MUNICIPAL ASSOCIATION OF VICTORIA

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.

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1 Executive Summary

The Municipal Association of Victoria (MAV) welcomes the opportunity to respond to the Productivity Commission's interim report on Housing Supply Regulation, via this submission and in engagements convened by the Australian Local Government Association (ALGA). Our initial submission to this inquiry is available here.

MAV is the legislated peak body for Victoria's 79 councils. We support reform to the national housing system that improves affordability, builds great communities and ensures new homes are resilient to natural hazards and climate change, now and in the future. We have contributed evidence throughout this inquiry, and are active in shaping the housing and planning reform agenda in Victoria and nationally.

This submission responds directly to the Commission's information requests, drawing on local government's experience in administering and seeking to shape reform to Victoria's planning system. Section 5 responds to the proposed principles, section 6 follows the structure of the interim report's chapters 1 to 4, and section 7 responds to the Commission's questions on sequencing and implementation. Each part of the submission identifies the information request it responds to and the related reform directions.

The submission is supported by Attachment A, 'Reform directions with MAV response', which sets out our detailed position on each of the Commission's proposed reform directions (2.1 to 4.4). We recognise that undertaking a whole-of-Australia approach is potentially a complex and resource intensive for the Commission. We have attempted to assist the Commission with the table at Attachment A, and throughout this submission, to provide detail and context relevant to Victoria.

Where this submission responds to the Commission's Information Requests (IR)		
IR 1.1	**Section 6: Aboriginal and Torres Strait Islander housing**	How housing regulatory systems affect Aboriginal and Torres Strait Islander people's access to housing
IR 1.2	**Section 5: Principles**	Best-practice principles, and features for evaluating reform
IR 2.1	**Section 6: Land-use controls; Regional and rural housing**	Design-focused regulations, heritage overlays, secondary dwellings and development feasibility
IR 2.2	**Section 6: Land-use controls**	Whether available land is a barrier to supply, and reporting land readiness
IR 2.3	**Section 6: Land-use controls**	Evidence from past zoning reforms, and inclusionary zoning
IR 3.1	**Section 6: Approvals**	Causes of approval delay, discretion and third-party appeals
IR 3.3	**Section 6: Approvals**	Coordination bodies and Victoria's Clause 55 reforms
IR 3.4	**Section 6: Approvals**	Incentives, implementation resourcing, tracking approvals, technology and AI, and streamlined pathways
IR 4.1, 4.2	**Section 6: Infrastructure**	Infrastructure planning, coordination and utility connections
IR 4.3	**Section 6: Infrastructure**	Deferring contributions and upfront infrastructure funding
IR 4.4	**Section 6: Infrastructure**	Developer contribution frameworks
IR 4.5	**Section 6: Infrastructure**	The Australian Government's role in housing-enabling infrastructure
IR 5.1	**Section 7: Sequencing**	Implementation, quick wins, co-dependencies and Commonwealth support
RD 2.1–4.4	**Attachment A**	MAV's position on each proposed reform direction

The Commission's scope of examination remains focused on permit and site-specific controls, which vary across the states and territories, as well as across councils:

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)

MAV and local government support the interim report's focus on infrastructure-led strategic planning, readying land for development, improved referral coordination, backing for risk-based approval pathways, cost-reflective developer contributions and stronger intergovernmental coordination. MAV has called for these policy directions for some time. Several reform directions would benefit from qualification, as a "one size fits all" approach will not suit the broad differences between long-established state-based planning systems.

Like ALGA, MAV supports simpler, better coordinated regulatory systems and the Commission's recognition that housing delivery must be matched by funding and building the infrastructure necessary to support complete and connected communities.

Victoria's recent experience shows why this matters. The reforms enabled by the *Planning Amendment (Better Decisions Made Faster) Act 2026* aim to streamline approvals, but in the near term will make the regulatory environment for local government more complex, with no funds yet appropriated to prepare 80 responsible authorities' ICT systems for their commencement. New regulation without enabling systems does not make planning systems more efficient: both are needed.

MAV's evidence shows how frequent Victorian Government intervention in council planning schemes, and the rewriting of built-form controls, have separated development decisions from local infrastructure capacity, natural hazards, environmental constraints and housing quality. Reform from the national level must consider place-based constraints and opportunities and recognise the significant differences between metropolitan, regional and rural housing markets.

MAV maintains that the social licence for more housing and density depends on trusting that development is safe, well-designed, and properly sequenced with community building and supporting infrastructure. Unwinding regulation in the name of supply without public trust risks producing short-term approvals and long-term problems for Victoria's and Australia's housing needs.

The inquiry is not investigating the full housing system spectrum – including 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 remain outside of scope. We addressed many of these matters, and why they should be in scope, in our initial submission.

MAV's key positions on national housing reform are:

1. **Plan and fund infrastructure before upzoning:** MAV does not support state-led rezoning without a funded and sequenced local infrastructure plan, prepared and consulted on first. Victoria's activity centre and transport corridor rezonings went ahead before any local infrastructure plans existed, or before the regulatory and legislative framework for them was settled (IR 2.3; RD 2.1, 2.2, 4.1, 4.2).
2. **Fund housing-enabling infrastructure directly:** Restore Financial Assistance Grants to 1% of Commonwealth tax revenue, and remove the state-reform conditions on the $2 billion Local Infrastructure Fund. Victoria's contributions plans alone carry $14.7 billion in unfunded obligations, which reform must address (IR 4.5).
3. **Keep developer contributions cost-reflective, and grandfather existing plans.** Existing Victorian DCPs and ICPs should carry through any transition, so growth costs don't shift to existing ratepayers. The rate cap covers only around 60% of councils' cost growth, limiting councils' capacity to invest in infrastructure delivery and maintenance (IR 4.3, 4.4; RD 4.3, 4.4).
4. **Councils must have a formal role wherever state or Commonwealth decisions create local infrastructure and service obligations:** Co-design, regulatory impact assessment and transition periods should be preconditions to any reform or state-led housing uplift. MAV's 2023 request for a partnership MOU on planning reform and delivery with the Victorian Planning Minister was not taken up (IR 1.2, 5.1).
5. **Measure performance across the whole development pathway, not just council approval times:** MAV is a willing partner in developing approvals-to-completions data, tracking approved-

but-unbuilt dwellings, and reporting referral authority and utility timeframes as measures of housing reform success (IR 3.4; RD 3.4).

6. **Resource councils to implement the reforms already legislated, and measure them before adding more:** This includes a funded statewide planning permits system before the *Planning Amendment (Better Decisions Made Faster) Act 2026* commences on 29 October 2027 (IR 3.4, 5.1).
7. **Keep safety, hazard, accessibility and climate resilience in assessment.** Victoria's new residential codes have switched off local planning policies and nation-leading environmentally sustainable design standards, which had the support of councils, communities and industry. These matters must stay in the assessment until equivalent or greater state planning standards are in place (IR 2.1; RD 2.1, 2.6).
8. **Limit fast-track and Ministerial pathways to complete, low-risk applications.** These pathways need transparent criteria and published performance data, and application fees should be shared fairly with the authorities that do the assessment work and enforce permit conditions (IR 3.4; RD 3.2, 3.3).
9. **Keep heritage and liveability protections evidence-based:** Councils should refine them through funded heritage and character reviews, not blanket removal by state override. Growth should come with a liveability return: open space, tree canopy and community infrastructure (IR 2.1; RD 2.5, 2.6).
10. **Tailor responses for regional and rural Victoria.** In regional and rural Victoria, the binding constraints are servicing, construction workforce and feasibility, not zoning. MAV encourages the Commission to give regional housing markets dedicated attention in its final report (IR 2.1, 2.2, 5.1).

MAV, along with ALGA and the local government sector, strongly opposes any suggestion to link Local Government Financial Assistance Grants to housing targets, approval performance or other housing indicators. These grants are untied, equalisation-based funding that supports essential services and infrastructure, particularly in financially and resourced constrained councils. These funds are flexible so as to be able to respond to the individual needs of a community: they are intentionally not tied to only one type of policy outcome. Housing-related financial incentives to local government should be additional, dedicated and directed towards catalysing infrastructure and implementation capability.

MAV would be pleased to provide supplementary information, and is available to give evidence at public hearings.

Our recommendations are based on the evidence contained in MAV's submissions, policy, research and advocacy and motions by the MAV State Council. Our 29 recommendations are consolidated in section 2, grouped by the interim report's chapters, with the relevant information request (IR) and reform direction (RD) noted against each. Each recommendation is repeated at the end of the section it relates to.

2 MAV recommendations to the Productivity Commission

Recommendations are grouped by the interim report's chapters. Each notes the information request (IR) and reform direction (RD) it responds to. MAV's detailed position on each reform direction is set out in Attachment A.

Best-practice principles and reform process (Chapter 1)		
1	**Adopt a fifth principle: reform in partnership, and resource implementation** IR 1.2 | Principles	*The Commission should add a fifth best-practice principle: changes to housing regulation should be co-designed with the authorities that administer them, tested through regulatory impact assessment, given a clear transition period, and funded to implementation before they commence.*
2	**Require genuine state–local government partnership as a precondition of planning reform** IR 1.2, 5.1	*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.*
3	**Require regulatory impact assessments before planning reforms take effect** IR 1.2	*The Commission should recommend that all state governments complete a regulatory or legislative impact assessment (as the case requires) before any change to planning provisions takes effect, including an assessment of the administrative impact on all arms of government.*
4	**Measure the effect of reforms already agreed before recommending further major reform** IR 1.2, 2.3, 5.1	*The Commission should recognise the inefficiency of proposing reforms to instruments already being reformed, where those reforms are yet to commence or are very new. The complexity and uncertainty this creates erodes market confidence. Confidence can be rebuilt by measuring the performance of reforms already agreed. Victoria would be a useful case study, given the State's many planning reform projects agreed since 2023 without a consistent performance measurement framework.*
5	**Test draft findings with local government before the final report** All information requests	*The Commission should undertake structured engagement with local government through ALGA and the state and territory local government associations, draw on council-held data (application timeframes, further information requests and approved-but-unbuilt dwellings), and test its draft findings with practising council planners.*
Land-use controls (Chapter 2)		
6	**Sequence upzoning with funded local infrastructure plans** IR 2.3 | RD 2.1, 2.2, 4.2	*Reform directions 2.1 and 2.2 should require that upzoning be preceded by a funded, sequenced local infrastructure plan and community consultation, so that new capacity is infrastructure-ready and commercially feasible.*
7	**Keep hazard, climate resilience and sustainability safeguards in land-use and built-form reform** IR 2.1 | RD 2.2, 2.6	*The Commission should confirm that increased densities not be enabled in areas of unacceptable natural hazard or climate risk, and that local environmentally sustainable design (ESD) and hazard provisions remain in assessment until equivalent or stronger state standards are in place.*
8	**Keep heritage and character controls evidence-based** IR 2.1 | RD 2.5	*The Commission should assess heritage controls by their actual effect on each lot (grading, policy and permit triggers), not the extent of overlay mapping, and recommend funded heritage and character reviews and efficient amendment processes to refine controls, rather than blanket removal.*

9	**Report land by development readiness, and validate capacity tools before tying them to funding** IR 2.2 | RD 4.1	*The Commission should recommend that governments report zoned land by its readiness for development (serviced by infrastructure and commercially feasible), and that housing capacity tools such as Victoria's Housing Capacity Assessment Platform be independently validated before they inform targets or funding.*
10	**Legislate a consistent affordable housing contribution** IR 2.3	*The Commission should recommend that states legislate and enliven a clear head of power for a mandatory, consistent and transparent social and affordable housing contribution, set well in advance so it is priced into land values, with proceeds able to be invested locally in partnership with councils.*
Approvals (Chapter 3)		
11	**Test codified and deemed-to-comply assessment with assessors before commencement** IR 3.1, 3.3 | RD 3.2	*Codes and deemed-to-comply pathways should be tested with applicants and councils before they commence, with clear transition periods. Genuinely simple matters should be codified out of the permit system altogether.*
12	**Make referral authorities and utilities accountable for housing outcomes** IR 3.3, 4.1 | RD 3.4, 4.2	*State governments should resource referral authorities and utilities, set and publish their response timeframes, and establish coordination bodies with the power to resolve conflicting referral advice.*
13	**Establish consistent approvals-to-completions tracking** IR 3.4 | RD 3.4	*The Commission should recommend that state governments publish matched approvals-to-completions data annually at the state, local government and precinct levels, including approvals made through state pathways and referral authority and utility response times.*
14	**Fully fund the implementation of legislated planning reform** IR 3.4, 5.1	*The Commission should recommend that state governments fully fund the implementation of their planning reform programs before legislation or regulatory changes commence. For example, the Victorian Government should fund a statewide planning permits lodgement system, and interim upgrades to council systems while it is developed, so that the State's own objectives for its reforms can be realised.*
15	**Incentivise efficient approvals by building council capacity, not penalising councils** IR 3.4	*Incentives for efficient approvals should be additional, dedicated funding for the planning workforce, shared systems and data. Financial Assistance Grants and other untied funding should not be linked to housing targets, approval performance or other housing indicators.*
16	**Adopt AI in planning through risk-tiered governance with human oversight** IR 3.4 | RD 3.4	*AI and digital assessment tools should be risk-tiered, co-designed with council planners and subject to mandatory human oversight of statutory decisions. The National Local Government AI Working Group should be engaged as the channel for national coordination of AI in planning.*
17	**Co-fund a sector-wide digital and AI capability program** IR 3.4, 5.1	*The Australian Government should co-fund a sector-wide capability program covering shared data standards, collaborative procurement and training, including a pathway that protects the early-career learning that enquiry handling and triage currently provide.*
18	**Restore application fees to the bodies conducting statutory assessment** IR 3.4 | RD 3.3	*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 as a priority.*

19	**Hold state-significant pathways to their own test** IR 3.4 | RD 3.3	*State-significant pathways should be reserved for genuinely state-significant proposals, with transparent entry criteria, early and targeted third-party consultation, and published timeframes and outcomes. The Commission should withhold endorsement of Victoria's Development Facilitation Program as a national model until its effectiveness is established by evidence.*
Housing-enabling infrastructure and developer contributions (Chapter 4)		
20	**Address infrastructure financing as a prerequisite for housing delivery** IR 4.2, 4.5 | RD 4.1, 4.2	*The final report should 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 better-targeted investment in infrastructure, and to work with local government on funding frameworks that provide certainty to developers, protect existing communities and maintain council financial sustainability.*
21	**Bridge deferred contributions with forward funding** IR 4.3 | RD 4.4	*Where contributions are deferred to support project feasibility, state or Commonwealth governments should provide forward funding, such as low-cost finance or revolving infrastructure funds repaid from later contributions, so the financing risk does not fall on councils and existing ratepayers.*
22	**Make contributions cost-reflective, indexed and transparent, and grandfather existing plans** IR 4.4 | RD 4.1, 4.3, 4.4	*Contribution frameworks should allow regional and typology-based variation, be indexed annually to actual delivery costs, carry existing Development and Infrastructure Contributions Plans through any transition, and be supported by transparent council- and precinct-level reporting of collections and expenditure.*
23	**Acquire land for essential infrastructure early** IR 4.1, 4.2 | RD 4.2	*Governments should acquire land for essential infrastructure (roads, drainage, schools and open space) before a housing release escalates land values, as part of the accountability framework proposed in reform direction 4.2.*
24	**Remove the conditionality on the Commonwealth's Local Infrastructure Fund** IR 4.5	*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 a state government's reform agenda.*
25	**Restore Financial Assistance Grants to 1% of Commonwealth taxation revenue** IR 4.5	*The Commission should recommend that the Australian Government restore Financial Assistance Grants to at least 1% of Commonwealth taxation revenue and expand the share of untied funding available to local government, as the most efficient way to support councils to enable well-planned, serviced new homes.*
Regional housing, sequencing and implementation (Chapter 5)		
26	**Tailor reform to regional and rural housing markets** IR 2.1, 2.2, 5.1	*The final report should include dedicated analysis of regional housing markets; identify a Commonwealth role in co-funding regional enabling infrastructure and feasibility gaps; support regional taskforces to lead integrated settlement and infrastructure planning; and adapt national codes, contributions frameworks and performance measures to regional, rural and remote contexts.*
27	**Support the regional planning workforce** IR 3.4, 5.1	*The Commonwealth and states should address barriers to planner training and retention in regional areas, and expand shared-resource models such as Victoria's Regional Planning Hubs.*
28	**Sequence reform in stages, starting with systems and infrastructure** IR 5.1	*The final report should set out a staged implementation pathway: (1) systems, data and workforce; (2) infrastructure planning and funding; (3) approvals and pathways; and (4) land-use reform where infrastructure is planned and funded.*
29	**Give local government a formal role in national housing governance** IR 5.1	*Local government should have a formal role in national housing governance through ALGA, including an extended National Housing Accord linked to infrastructure and place-making, with Commonwealth housing funding flowing directly to councils through programs such as the Housing Support Program.*

3 Introduction and context

Our initial submission drew on MAV's body of work on housing and planning reform, and must be read in conjunction with this submission, including:

- Sector submission on 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)*
- Adopting AI for planning in Victoria's councils: A moment of readiness, a moment of caution *(September 2025)*
- findings of our Local Government Housing Innovation Program *(2025/2026)*
- MAV Housing Taskforce Submission to a Plan for Victoria *(August 2024)*

Local government plays a critical role in ensuring our growing urban areas are liveable, sustainable and resilient. When it comes to policy and decision-making that will significantly shape our urban communities, it is essential that local government is at the table with the State and Federal Governments. Improved collaboration and cooperation between our three levels of government must be prioritised to ensure new policies and the legislation and policies that enact them are well designed, have the desired impact and are supported by communities.

MAV supports the ambition of the Federal government investment and policy action in the housing and cities space, including the National Housing Accord, and we similarly support the ambition of the Victorian government's 2023 Housing Statement. In Victoria, we have sought to work constructively with the state government to enable the Housing Statement's effective implementation – despite no council or MAV being consulted in its development or implementation. 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 never taken up.

Recent planning reforms have been progressed with limited or no local government involvement, despite councils being responsible for implementing these through structure planning and infrastructure delivery, permit processes and direct engagement with communities. Councils are by far the largest employer of planners in Victoria. Victorian councils and their planning teams 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. It has been an enormous missed opportunity that the state government has not partnered with local government on Victoria's state planning reform process.

Earlier co-design with Victorian councils would have strengthened the integrity and workability of planning reforms, ensured opportunities and constraints were properly considered, and supported consistent, transparent outcomes for residents, industry and government – it is disappointing that planning reform in Victoria is being implemented without this joined-up approach.

The flagship reforms enabled by the *Planning Amendment (Better Decisions Made Faster) Act 2026* will not be feasible by the legislated commencement date of 29 October 2027: no funds have been appropriated to create a new statewide planning applications lodgement platform or to fund upgrades to 80 responsible authorities' ICT systems – none are ready for the 'three speed' permits system and the many new deemed approval mechanisms that the *Made Faster* reforms will introduce.

These reforms were the biggest since Victoria's principal planning legislation was introduced in 1987. They were made to facilitate more housing approvals in faster timeframes so as to meet Victoria's contribution to state and national housing supply commitments. They were made in the name of speed and efficiency – but have come without the systems that will enable that efficiency.

A well-resourced, strategically coherent planning system leads to great housing outcomes, not obstacles. Treating planning regulation as a 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.

4 Engagement with local government

MAV was glad to take part in several roundtable discussions with the Commission in relation to this inquiry. We understand the Commission has sought to engage small council planner roundtable discussions as well. MAV remains concerned about the potential imbalance in how the Commission has gathered evidence for this inquiry.

The Commission has engaged extensively with the development and construction sector, through public commentary, targeted surveys and several industry forums. Since the interim report, it has publicly sought more detail on the regulatory 'pain points' developers face in the approvals process. Developers and the construction build our homes, and their experience is obviously extremely valuable.

Public discussion of the inquiry has also often been framed in adversarial terms, casting local planning processes as the obstacle. That framing does not reflect how the planning system operates, and it does little to build intergovernmental cooperation that meaningful reform requires.

Apart from limited roundtables, local government has been largely left out of the Commission's direct and deeper engagement. This is despite councils being among the most prolific users of the planning system and intimately involved in local housing outcomes. Councils prepare and administer planning schemes, determine most planning applications, fund and deliver local infrastructure, and deal with the consequences when approved homes are not built.

The evidence base for reform will be incomplete without equivalent input from planning authorities that administer the system every day. Several examples in the interim report show a problem by presenting an issue from an applicant's side without input from planning authorities – however there is not the same focus on issues relating to incomplete applications, factually incorrect information or applications that clearly do not respond to the planning scheme of the day. Nor are there examples of illegal behaviour, vexatious proposals or the consequences of ill-informed and rushed state planning policy, or under-resourced and stretched referral authorities, or where state and federal agencies have given conflicting advice. MAV has sought to respond to some of these matters in this submission.

This is a significant missed opportunity. The Commission's final report must treat councils as delivery partners, not as the single source of regulatory delay. Housing outcomes depend on the combined actions of Commonwealth, state, territory and local governments, utilities, developers, financiers and the construction sector. Accountability, funding and implementation responsibilities must therefore be shared across the full system and its stakeholders. MAV recommends the Commission use the period before its final report to:

- conduct structured engagement with local government through ALGA and the state and territory local government associations
- draw on council-held data, including application timeframes, further information requests, and the volume of approved but unbuilt dwellings
- test its draft findings with practising council planners

MAV, with its network of 79 Victorian councils along with ALGA, remains engaged, willing and able to support the work of the Commission.

5 MAV response to the proposed Principles

Responding to: Information request 1.2 (best-practice principles and objective, features for evaluating reform, and examples)
Related reform directions: All (the principles underpin each reform direction)
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

The Commission has proposed four principles for a best-practice housing regulatory system: adopting a "build" mindset, regulating only where necessary, coordinating housing with infrastructure and keeping regulatory processes simple. MAV broadly supports the four principles. However, they describe what a good regulatory system looks like, not how to get there. Victoria's experience shows that reforms fail when the level of government that designs them is disconnected from the level that administers them.

Nevertheless, Victoria's planning system still processes and approves over fifty–five thousand new dwelling applications annually[1]. MAV's *Victoria's Housing Statement - Two Years On* notes that 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 significant intervention by the state government.

MAV, along with many planners, economists and the development industry, has noted that 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 site-based profitability. The pipeline of approved-but-unbuilt dwellings continues to grow due to a market-constrained construction sector.

In response to the Commission's question on the features governments should evaluate when assessing reforms, MAV suggests every reform be tested against whether it:

- is funded to implementation, including the systems, data and workforce needed to administer it
- was designed with the authorities that will administer it, and given a transition period
- will be measured across the whole development pathway, from application to completion, not only council decision times
- maintains safety, natural hazard, climate resilience and accessibility outcomes
- has been assessed for its costs and impacts on all planning system users, including regulators

The Commission also asks for examples of regulation that exemplify or contradict best practice. Victoria offers both. Its December 2025 car parking reforms, which replaced blanket minimums with a tiered system tied to public transport access, were well designed and supported by MAV. The amendment regulations now being drafted with MAV's input, to make it more efficient for councils to review and remove outdated heritage controls, are another example of reform in partnership. By contrast, amendments VC257, VC267 and VC274, and the Townhouse and Low-Rise Code, were introduced without notice or transition, and removed decision-makers' ability to consider adopted flood-risk mapping and other hazard information for some applications (see information request 3.3).

MAV proposes a fifth principle: **reform in partnership, and resource implementation**.

Changes to housing regulation should be co-designed with the authorities that administer them, tested through regulatory impact assessment, given a clear transition period, and funded to implementation before they commence.

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, numerous attempts to alter Victoria's planning system since 1996, to reduce complexity and improve efficiency, "have failed to live up to their objectives".

The primary causes of this have been the poor design of regulatory strategies to meet the objectives of the reforms and, relatedly, the dislocation of planning system designers in state government from planning system administrators in local government. Reforms imposed on rather than co-designed with local government 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.

#	Recommendation	Action
1	**Adopt a fifth principle: reform in partnership, and resource implementation** IR 1.2 | Principles	*The Commission should add a fifth best-practice principle: changes to housing regulation should be co-designed with the authorities that administer them, tested through regulatory impact assessment, given a clear transition period, and funded to implementation before they commence.*

[1] Australian Bureau of Statistics 2026, Building Approvals – Australia, < https://www.abs.gov.au/statistics/industry/building-and-construction/building-approvals-australia/latest-release>

2	**Require genuine state–local government partnership as a precondition of planning reform** IR 1.2, 5.1	*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.*
3	**Require regulatory impact assessments before planning reforms take effect** IR 1.2	*The Commission should recommend that all state governments complete a regulatory or legislative impact assessment (as the case requires) before any change to planning provisions takes effect, including an assessment of the administrative impact on all arms of government.*
4	**Measure the effect of reforms already agreed before recommending further major reform** IR 1.2, 2.3, 5.1	*The Commission should recognise the inefficiency of proposing reforms to instruments already being reformed, where those reforms are yet to commence or are very new. The complexity and uncertainty this creates erodes market confidence. Confidence can be rebuilt by measuring the performance of reforms already agreed. Victoria would be a useful case study, given the State's many planning reform projects agreed since 2023 without a consistent performance measurement framework.*
5	**Test draft findings with local government before the final report** All information requests	*The Commission should undertake structured engagement with local government through ALGA and the state and territory local government associations, draw on council-held data (application timeframes, further information requests and approved-but-unbuilt dwellings), and test its draft findings with practising council planners.*

6 MAV response to the information requests and reform directions

This section is MAV's main response to the Commission's information requests. It follows the structure of the interim report, chapters 1 to 4. Each part opens with a 'signpost' identifying the information request it responds to and the related reform directions, and closes with MAV's recommendations on that topic.

MAV's position on each reform direction, with supporting Victorian evidence and case studies, is set out in *Attachment A: Reform directions with MAV response*. In summary, MAV supports reform directions 3.1, 3.4, 4.1 and 4.2; supports reform directions 2.2, 2.4, 3.2, 4.3 and 4.4 with qualifications; and notes that Victoria has already implemented key elements of reform directions 2.1, 2.3, 2.5, 2.6 and 3.3, the lessons of which should inform the Commission's final recommendations.

Aboriginal and Torres Strait Islander housing (Chapter 1)

Responding to: Information request 1.1 (how housing regulatory systems affect Aboriginal and Torres Strait Islander communities, and Closing the Gap outcome 9)
Related reform directions: None directly (see also information request 5.1)
MAV's response on Closing the Gap commitments in implementation is in section 7.

MAV welcomes the Commission's interest in how housing regulatory systems affect Aboriginal and Torres Strait Islander people's access to appropriate housing, and its alignment with Outcome 9 of the National Agreement on Closing the Gap: *that Aboriginal and Torres Strait Islander people secure appropriate, affordable housing aligned with their priorities and need.*

MAV does not seek to speak for Aboriginal communities on this question, and we have not engaged on this matter. We recommend the Commission engage directly with Aboriginal community-controlled housing organisations and Traditional Owner groups before finalising its recommendations, based on self-determination principles.

In Victoria, Aboriginal Housing Victoria (AHV) is leading significant work in this space, including *Mana-na woorn-tyeen maar-takoort*, the Victorian Aboriginal Housing and Homelessness Framework with Homes

Victoria. As part of this Framework, AHV is developing regional housing plans in partnership with Traditional Owner groups. Given its direct link to Closing the Gap and this inquiry, this work must be properly funded and resourced. Above all, it must be grounded in First Nations self-determination, with Aboriginal people and organisations leading decisions about housing on Country and in their communities, and provided the capacity to do this work well.

MAV is ready and willing to support councils in this work, linking Traditional Owner groups and their housing advocates with councils through meaningful conversations, to support strategic planning, capacity building, and local land and asset opportunities.

Land-use controls (Chapter 2)

Responding to: Information requests 2.1, 2.2 and 2.3
Related reform directions: 2.1 to 2.6
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

MAV generally supports the intent of the Commission's land-use reform directions. Local government's focus is on the quality of outcomes, and whether increased development and housing capacity is sequenced with the infrastructure and service capacity needed to support more homes, and to give communities equal access to services (see the infrastructure and developer contributions part of this section).

MAV's main point of difference is the *process* of doing this well: state-led upzoning imposed without a corresponding local infrastructure plan or community consultation (as occurred with recent Activity Centre upzoning and codified residential development rollouts) generates the land-banking and market uncertainty the Commission flags as a risk of narrowly targeted upzoning (box 2.1). It also undermines public confidence in government policies and methods. We ask that reform directions 2.1 and 2.2 require infrastructure planning, and consultation on sequencing and implementation, as a condition of upzoning.

Information request 2.1: Design-focused regulations, heritage and secondary dwellings

Responding to: Information request 2.1 (design-focused regulations, heritage overlays, secondary dwellings and other land-use controls)
Related reform directions: 2.5, 2.6
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

Design-focused regulations: In MAV's experience, design standards are not the main constraint on commercially feasible capacity in Victoria. The Townhouse and Low-Rise Code (March 2025) and the Mid-Rise Code (April 2026) have already codified setbacks, site coverage, room sizes, private open space and tree canopy, with deemed-to-comply pathways (see Attachment A, reform direction 2.6). Early council experience is that the Townhouse and Low-Rise Code is often producing less housing than zoned capacity allows on well-located sites (see information request 2.3).

Both codes also removed local environmentally sustainable design (ESD) standards in 26 councils, replacing them with lower statewide standards. Those local standards had the support of councils, communities and industry, and reduce household running costs over the life of a home. MAV requests the the Commission to weigh these lifetime costs and benefits, not only upfront construction costs, when assessing design regulation.

Heritage overlays: The interim report (box 2.2) characterises precinct-based Heritage Overlays as 'blanket' controls. In Victoria, a mapped precinct overlay identifies the extent of a heritage place; it is not a blanket permit trigger for all works within it. Precincts are generally made up of:

- non-contributory buildings, for which there is no meaningful limit on development potential
- contributory buildings, for which a permit is required, but demolition behind the front of the building and a net increase in dwellings are common
- significant buildings, which may limit development potential but ordinarily make up a small minority of places

Even the most significant permit triggers invoke a discretionary assessment, not a prohibition. Research on the relationship between heritage and housing capacity should therefore consider the grading, policy and permit triggers that apply to each lot, not only the presence of an overlay. MAV would welcome a community of practice on measuring the costs and benefits of heritage retention, including embodied

carbon and adaptive reuse potential. MAV is also supporting the Victorian Government to draft amendment regulations that will make it more efficient for councils to review and remove heritage controls where warranted.

Secondary dwellings: Victoria removed the planning permit requirement for small second dwellings (up to 80 square metres) in most residential zones in September 2026. MAV suggests the Commission look to the uptake and outcomes of this reform before recommending further change.

Development cost stacks: MAV does not hold development cost stack data. However, council and parliamentary evidence shows that in many regional markets the cost to build exceeds what a completed home will sell or value for (see the regional and rural housing part of this section).

#	Recommendation	Action
6	**Sequence upzoning with funded local infrastructure plans** IR 2.3 | RD 2.1, 2.2, 4.2	*Reform directions 2.1 and 2.2 should require that upzoning be preceded by a funded, sequenced local infrastructure plan and community consultation, so that new capacity is infrastructure-ready and commercially feasible.*
7	**Keep hazard, climate resilience and sustainability safeguards in land-use and built-form reform** IR 2.1 | RD 2.2, 2.6	*The Commission should confirm that increased densities not be enabled in areas of unacceptable natural hazard or climate risk, and that local environmentally sustainable design (ESD) and hazard provisions remain in assessment until equivalent or stronger state standards are in place.*
8	**Keep heritage and character controls evidence-based** IR 2.1 | RD 2.5	*The Commission should assess heritage controls by their actual effect on each lot (grading, policy and permit triggers), not the extent of overlay mapping, and recommend funded heritage and character reviews and efficient amendment processes to refine controls, rather than blanket removal.*

Information request 2.2: Available land and municipal housing capacity

Responding to: Information request 2.2 (whether available land is a barrier to supply, and reporting land by readiness to develop)
Related reform directions: 2.1, 2.2, 4.1, 4.2
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

In Victoria, the availability of zoned land is not the primary barrier to new housing supply. There is substantial capacity already embedded in the existing planning framework and council planning schemes.

The MAV's analysis of council housing capacity methods affirms that all 79 municipalities have zoned capacity in their planning schemes today to meet the Victorian government-imposed 2051 housing targets.

The Victorian Government's own Housing Capacity Assessment Platform (HCAP) tool – while an imperfect instrument – has also demonstrated that most Victorian councils already have zoned residential land capacity well in excess of their government-mandated housing targets. Those that have nominally fallen short have done so due to methodological problems with the assessment tool (notably the blunt application of capacity discounts or exclusions to parcels of land that cannot be altered) rather than any withholding of housing supply by councils.

The HCAP will require major ongoing investment if it is to be improved to a state where its methodology and usability can be relied on. MAV encourages that investment, because the HCAP – if very significantly improved – does have the potential to assist in providing consistent approaches to housing capacity assessment across Victoria. In its current state, however, it reverse-engineers municipal housing targets already selected by the Victorian Government, using a methodology that has not been published, and is not yet fit for the purpose of modelling housing capacity over time.

That is, neither the municipal housing targets nor the housing capacity assessment tool created to break down those targets within municipalities are yet robust enough to form the basis of any incentives-based local government funding program. (MAV's concerns with incentives-based funding are discussed under information request 3.4.)

None of this is to say that the current application of zones should be fixed in place. Victoria's councils are the first to support increasing housing supply in well-located areas. The review of planning schemes is a continuous process of finding efficiencies and reviewing communities' visions for place. At present, however, councils' capacity to do this is constrained by the scale, pace and sequencing of the Victorian Government's planning reform program.

Notwithstanding the many problems with Victoria's housing capacity assessment policies, guidance, methods and tools, the primary 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.

The Commission asks whether governments should report land distinguished by its readiness to develop. MAV supports this. Reporting that separates zoned capacity from land that is serviced by infrastructure and commercially feasible would give a far more accurate picture of where supply is constrained, and where investment – rather than rezoning – is needed. It would also align with the Commission's own finding that land release only matters if land is ready for development.

#	Recommendation	Action
9	**Report land by development readiness, and validate capacity tools before tying them to funding** IR 2.2 | RD 4.1	*The Commission should recommend that governments report zoned land by its readiness for development (serviced by infrastructure and commercially feasible), and that housing capacity tools such as Victoria's Housing Capacity Assessment Platform be independently validated before they inform targets or funding.*

Information request 2.3: Evidence from Victoria's recent land-use reforms

Responding to: Information request 2.3 (evidence on land-use controls, implementation of past zoning reforms, and inclusionary zoning)
Related reform directions: 2.1, 2.2, 2.6
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

Since the Housing Statement's release, the Victorian Government has generally introduced reform without consulting local government, and often without notice of major changes to the statewide planning provisions that require significant changes to council systems and processes. Reforms on which councils were not meaningfully consulted include:

- re-writing the *Planning and Environment Act 1987*
- major changes to the Victoria Planning Provisions (the zones, overlays and design codes)
- replacing the metropolitan Melbourne planning strategy and deleting regional growth plans to replace with a higher-level Plan for Victoria
- municipal Housing Targets, including the underlying methodology
- targeted rezoning programs across major activity centres and transport corridors

To MAV's knowledge, none of the Housing Statement's actions relevant to local government have been assessed for whether their outcomes can be achieved, or for their costs and impacts. No evidence has been published that these reforms will unlock more housing or increase the rate of construction.

MAV's September 2025 sector brief, *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. Despite being championed as a time-saving and cost-cutting measure for applicants, the Code

is often producing underdevelopment, relative to zoned capacity, on well-located sites close to public transport.

This lag in commencement of Victoria's planning reforms already completed must factor into the Commission's consideration of recommendations. The *Planning Amendment (Better Decisions Made Faster) Act 2026*, while enacted in February 2026, will require myriad subordinate instruments that will be drafted 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.

Inclusionary zoning: MAV has long advocated for a clear head of power for affordable housing contributions in the *Planning and Environment Act 1987*. A mandatory, consistent and transparent requirement, set well in advance so it is priced into land values, gives certainty to industry and avoids the site-by-site negotiation that slows approvals. Victoria's reliance on voluntary, negotiated agreements has produced inconsistent outcomes, and Victoria's share of social housing remains well below the national average.

#	Recommendation	Action
10	**Legislate a consistent affordable housing contribution** IR 2.3	*The Commission should recommend that states legislate and enliven a clear head of power for a mandatory, consistent and transparent social and affordable housing contribution, set well in advance so it is priced into land values, with proceeds able to be invested locally in partnership with councils.*

Approvals (Chapter 3)

Information request 3.1: Causes of approval delay, discretion and appeals

Responding to: Information request 3.1 (causes of approval delays, the role of discretion, and third-party appeals)
Related reform directions: 3.1, 3.2
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

Council experience is that approval delays most commonly arise from:

- incomplete applications, or applications that do not respond to the planning scheme, which require further information requests
- referral authority response times, particularly where state agencies are under-resourced or give conflicting advice
- frequent changes to state planning provisions without transition, which require applications to be reassessed mid-stream
- council planning workforce shortages, particularly in regional and rural areas

MAV can provide council-held data on application timeframes, further information requests and referral times to support the Commission's analysis.

Discretion: Discretion is most useful where a proposal departs from a standard and site context matters, such as heritage, natural hazards or sensitive interfaces. It is least useful for routine matters that can be codified.

MAV supports moving genuinely simple matters out of the permit system entirely, which is a more efficient way of reducing regulator and applicant burden than creating further fast-track permit pathways (reform direction 3.2).

Third-party appeals: MAV supports early, targeted consultation at the strategic planning stage, so that community input focuses on shaping planning controls more so than individual permits (reform direction 3.1).

Where codes remove third-party appeal rights, as Victoria's Mid-Rise Code does for deemed-to-comply applications, the standards must be robust and tested, because community confidence rests on them.

Information request 3.3: Coordination bodies and Victoria's Clause 55 reforms

Responding to: Information request 3.3 (coordination bodies, and how effectively reforms such as Victoria's Clause 55 are making approvals more certain)
Related reform directions: 3.2, 3.4
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

Victoria replaced the Clause 55 (ResCode) standards for developments of up to three storeys with the Townhouse and Low-Rise Code on 31 March 2025. The Code introduced a deemed-to-comply pathway: where a design meets every standard, the council must approve it, and the neighbourhood character standard no longer applies to compliant designs. MAV supports the objective of greater certainty. Council experience of implementation to date is that:

- the Code was published on the day it took effect, with no transition, so councils had to interpret the new provisions, update systems and advise applicants while determining applications under the new rules
- confirming that a proposal meets every standard is often as complex as a discretionary assessment, particularly where plans are incomplete
- the Code is often producing less housing than zoned capacity allows on well-located sites close to public transport
- earlier amendments VC257, VC267 and VC274 removed decision-makers' ability to consider adopted flood-risk mapping and contaminated land overlays for some applications, transferring risk from the planning system to the building system, landowners and communities

No data has yet been published on whether the Code has reduced approval times or increased the number of homes approved. MAV would welcome the Victorian Government publishing this data. Deemed-to-comply assessment works best when it has been properly tested with the people who will use it – applicants and councils – before it commences.

Coordination bodies: MAV supports the proposal in reform direction 3.4 for coordination bodies with the power to resolve conflicting referral advice. Councils regularly receive conflicting advice from state agencies and utilities, and have no power to resolve it. Coordination bodies work best where they have a clear mandate, published timeframes and the resources to act, and where they support, rather than replace, the responsible authority's assessment.

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 acknowledges that under-resourcing of approval agencies, including local governments, is a structural cause of delay – and not of regulatory design. This finding differs from 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
11	**Test codified and deemed-to-comply assessment with assessors before commencement** IR 3.1, 3.3 | RD 3.2	*Codes and deemed-to-comply pathways should be tested with applicants and councils before they commence, with clear transition periods. Genuinely simple matters should be codified out of the permit system altogether.*
12	**Make referral authorities and utilities accountable for housing outcomes** IR 3.3, 4.1 | RD 3.4, 4.2	*State governments should resource referral authorities and utilities, set and publish their response timeframes, and establish coordination bodies with the power to resolve conflicting referral advice.*

Information request 3.4: Incentives, implementation and tracking approvals

Responding to: Information request 3.4 (incentives for councils, priority reforms, and tracking the timing and burden of approvals)
Related reform directions: 3.1, 3.4
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

The Commission asks how governments can incentivise councils to approve developments efficiently, and which reforms each state should prioritise.

Efficient development approval is enabled by technology, systems and resources first, and regulation second. In Victoria, regulatory change has moved ahead of investment in systems and workforce: the flagship *Better Decisions Made Faster* reforms, which require faster or deemed approvals, are being implemented without a funded plan for ICT systems or workforce. Following the reforms' enactment in February 2026, the May 2026 Budget did not appropriate funds for councils, which are responsible for by far the largest share of planning regulation and development assessment in Victoria.

MAV's view is that incentives should build council capacity, not penalise councils. Approval times are driven by application quality, referral authority performance, state policy change and council resourcing – much of which sits outside a council's control. The Commission's own construction productivity research found under-resourcing of referral agencies is a structural cause of housing delay and frustration to all parties. These agencies are almost all state agencies.

Effective incentives would fund the planning workforce, shared systems, a statewide approvals portal and data, and be additional to existing funding. MAV strongly opposes linking Commonwealth funding and grants to approval performance or housing targets, as these grants support essential services, particularly in financially constrained regional and rural councils. Penalising councils in this way would reduce their capacity to deliver the infrastructure and services new housing depends on, and place pressure on the staffing required to manage and implement local and regional housing strategies.

While planning reform aims to improve outcomes, MAV has identified insufficient transition funding and workforce support, creating risks to service delivery, staff retention and decision quality in Victoria's planning system.

The key example 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 it will develop a business case for a statewide planning applications portal and ICT system, there is no funding commitment to deliver it, and it cannot be delivered by October 2027: it will be a staged, multi-year process.

Interim upgrades to 79 councils' ICT systems will therefore be necessary, but the specifications for those upgrades will only become clear once draft regulations are published. MAV understands that the best-case scenario for publication is April 2027. If the May 2027 Budget does what the May 2026 Budget did not and appropriates funds to pay for upgrades, even then it will not be possible to complete those upgrades by October 2027. This puts at risk the purpose of the reforms: to replace Victoria's permit assessment framework with new statutory mechanisms that provide certainty to applicants. Without the technology to support those mechanisms, that purpose cannot be met.

The *Better Decisions Made Faster* reforms are currently an unfunded mandate. In that context, MAV would reframe the Commission's question of how governments can "incentivise councils to approve developments efficiently, and encourage those that are slow or are obstructing approval pathways". The more useful question is how governments can ensure that the largest change to local government's statutory planning role since 1987 is resourced to succeed.

The underlying systems, resources and workforce are fundamental to the basic operation of any planning system. These must be in place before incentives or penalties for local government are considered.

Tracking the timing and burden of approvals: MAV strongly supports end-to-end reporting (reform direction 3.4), provided it covers the whole development pathway rather than council decision times alone: pre-application, further information requests, referral authority and utility response times, state pathway decisions, and approvals to completions. Reporting should sit at precinct and municipal levels, not only at state level.

The City of Boroondara's Housing Trend Tracker, which cross-references planning permits with building occupancy permits makes a good case for better and simple tracking. Of 2,609 dwellings approved through multi-dwelling permits since August 2019, only 361 had been built, and none of a further 805 dwellings approved through the Development Facilitation Program had been constructed – roughly one dwelling built for every seven approved. Victoria currently has no reliable statewide equivalent of this data.

Priority reforms for Victoria: MAV's priorities for Victoria are to fund the systems needed to implement the *Planning Amendment (Better Decisions Made Faster) Act 2026*, publish approvals-to-completions data, restore a fair share of application fees to councils assessing applications under state pathways, and measure the reforms already made before layering further change.

#	Recommendation	Action
13	**Establish consistent approvals-to-completions tracking** IR 3.4 | RD 3.4	*The Commission should recommend that state governments publish matched approvals-to-completions data annually at the state, local government and precinct levels, including approvals made through state pathways and referral authority and utility response times.*
14	**Fully fund the implementation of legislated planning reform** IR 3.4, 5.1	*The Commission should recommend that state governments fully fund the implementation of their planning reform programs before legislation or regulatory changes commence. For example, the Victorian Government should fund a statewide planning permits lodgement system, and interim upgrades to council systems while it is developed, so that the State's own objectives for its reforms can be realised.*
15	**Incentivise efficient approvals by building council capacity, not penalising councils** IR 3.4	*Incentives for efficient approvals should be additional, dedicated funding for the planning workforce, shared systems and data. Financial Assistance Grants and other untied funding should not be linked to housing targets, approval performance or other housing indicators.*

Information request 3.4: Technology and AI – keeping planners in the loop

Responding to: Information request 3.4 (how effective technology, including AI, has been in approvals, and how it can be better used)
Related reform directions: 3.4
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

MAV is working across Victoria's councils, and now at the national level, on the role of AI and technology in local government administration and engagement. This includes an increasing leadership role on the use of emerging AI technologies and Large Language Models (LLMs) in the planning system and planning reform.

MAVlab, MAV's innovation arm, led the *Advancing AI Innovation in Local Government* project in 2025. Funded by the Commonwealth Housing Support Program and delivered with the City of Greater Dandenong, it engaged more than 250 planners from 70% of Victorian councils, and found that around a third of councils already use or are actively piloting AI in planning. This work included:

- Adopting AI for Planning in Victoria's Councils report: a comprehensive summary of the design research process and insights about AI use in councils, both in the statutory planning process and beyond.
- AI & Planning Use Cases: a detailed set of use cases for the application of AI in the statutory planning process
- AI Procurement Support: AI procurement guidance and new procurement assessment criteria to evaluate AI vendors

- AI Procurement Register: the establishment of a new "AI in Planning" Procurement Register to give Victorian councils access to vendors that have been evaluated against those criteria.

The Use Case Library, which maps where AI can support each stage of the planning process and where it should not be used, was a valuable component of our work. It is award-winning research built on engagement with local government planners, who are keen to lead on the opportunities of AI and machine learning in planning, but who also value human judgement and the ethical role of the planner in shaping the built and natural environment.

The Use Case Library sets out the following key principles, and we encourage the Commission to draw on them in its consideration of AI and technology in planning assessment. MAVlab has called for a funded sector-wide capability program in AI, risk-tiered governance with mandatory human oversight of statutory decisions and explainability standards in procurement:

- *Human oversight is integral to efficiency:* AI can help make approvals more timely and predictable, consistent with the Commission's principle 4, but AI-assisted approvals without human verification should not be supported. Planners must still assess and decide applications, because councils remain accountable to communities for every decision, including any appeal to VCAT.
- *Highest-value uses are administrative:* Councils report that pre-application enquiries make up about 20% of planner workload, and that summarising objections can take one day in every five. Fee checks, referral tracking, and drafting template reports and conditions are administrative tasks well suited to automation.
- *AI adoption must be tiered by risk.* Simple administrative tasks and customer enquiries are the baseline, before moving to application and referral management, then scheme interpretation and decision support (though never the final decision).
- *The planner in-the-loop.* Enquiry handling and triage are how early-career planners learn the craft. Automating them without a replacement training pathway would erode the profession.

As part of our research into AI and planning, MAVlab surveyed Victorian councils on their AI readiness. The survey revealed that in 2025, 10% of councils' planning software had AI capabilities, while 12% of councils have AI governance frameworks in place or under development. Among respondents with high AI literacy, 72.8% were using or planning to use AI, compared with 22.3% of those with moderate literacy. Without shared support, the gap between well-resourced and smaller councils will widen.

MAV now convenes the *National Local Government AI Working Group* on behalf of the sector, bringing together all state and territory local government associations and the Australian Local Government Association (ALGA). The Working Group builds on work already under way in each jurisdiction to share practical experience, reduce duplication, identify common challenges and strengthen collective capability.

#	Recommendation	Action
16	**Adopt AI in planning through risk-tiered governance with human oversight** IR 3.4 | RD 3.4	*AI and digital assessment tools should be risk-tiered, co-designed with council planners and subject to mandatory human oversight of statutory decisions. The National Local Government AI Working Group should be engaged as the channel for national coordination of AI in planning.*
17	**Co-fund a sector-wide digital and AI capability program** IR 3.4, 5.1	*The Australian Government should co-fund a sector-wide capability program covering shared data standards, collaborative procurement and training, including a pathway that protects the early-career learning that enquiry handling and triage currently provide.*

Information request 3.4: State-significant pathways and affordable housing

Responding to: Information request 3.4 (evidence on including social and affordable housing in state-significant or other streamlined pathways)
Related reform directions: 3.2, 3.3
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

Since *Victoria's 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.

For applicants, the main incentive of these pathways appears to be development yield, rather than faster approvals.

Council planners remain integral to decisions made under these pathways. Councils hold the property data needed to issue notice correctly, and the technical expertise needed to provide accurate conditions covering municipal responsibilities, such as waste collection, parking and traffic, street trees, land use conflicts, covenants and permit histories held on council systems. Where the Minister places conditions on permits to the satisfaction of the council, councils must assess the plans and documents submitted.

These pathways have divided the work of assessing planning applications, plans and documents between levels of government. Where previously a single body could take responsibility for assessing applications in the round, assessment is now divided 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 – but the Victorian Government, as the formally recognised 'responsible authority', collects the application fee.

To the extent that there are benefits to applicants, they are coming at a cost to the integrity of the planning system and the financial sustainability of councils. If these pathways are to remain, there are practical ways to reduce the burden on councils without reducing the benefits to applicants: fair fee sharing, reasonable timeframes for council input, early and targeted third-party consultation, and published performance data.

Councils report that the loss of applications to the Development Facilitation Program has cost some councils up to 40% of their statutory planning fee revenue, while the council work on those applications continues. Victoria's statutory fee schedule, now under review, relied on larger fees from major applications to offset the workload of smaller ones. Assessment timeframes under the pathways have shortened, but councils are aware of applications regularly spending six to twelve months in pre-application, and total timeframes are not reported.

Social and affordable housing in streamlined pathways: Clause 53.23 offers a Ministerial pathway for significant residential development that includes a proportion of affordable housing. MAV supports incentives for social and affordable housing. However, MAV is not aware of any published evidence on the number of affordable dwellings approved or completed through this pathway, the depth of affordability achieved, or how long those homes will remain affordable. The evidence base should be built by publishing approvals, completions and affordability outcomes for each pathway.

#	Recommendation	Action
18	**Restore application fees to the bodies conducting statutory assessment** IR 3.4 | RD 3.3	*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 as a priority.*
19	**Hold state-significant pathways to their own test** IR 3.4 | RD 3.3	*State-significant pathways should be reserved for genuinely state-significant proposals, with transparent entry criteria, early and targeted third-party consultation, and published timeframes and outcomes. The Commission should withhold endorsement of Victoria's Development Facilitation Program as a national model until its effectiveness is established by evidence.*

Infrastructure and developer contributions (Chapter 4)

Responding to: Information requests 4.1 to 4.5
Related reform directions: 4.1, 4.2, 4.3, 4.4
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

MAV supports the Commission's finding that housing and infrastructure must be planned and funded together. Councils see first-hand that poorly coordinated infrastructure is often the main constraint on new housing, particularly in greenfield areas (principle 3; chapter 4). MAV supports reform directions 4.1 and 4.2, and supports reform directions 4.3 and 4.4 with the qualifications set out below and in Attachment A.

In Victoria, contributions schemes have been chronically underfunded and complex to administer. In Victoria and other states, the local government sector was largely excluded from the design of state reforms to infrastructure contributions systems, despite the sector's stake in administering, collecting and investing the funds raised, and in shaping long-term outcomes.

Information requests 4.1 and 4.2: Infrastructure planning, coordination and utility connections

Responding to: Information requests 4.1 (timely utility connections and misaligned incentives) and 4.2 (feedback on infrastructure planning reform directions)
Related reform directions: 4.1, 4.2
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

MAV again draws the Commission's attention to an issue raised in its housing construction productivity research that is relevant to this inquiry: the relationship between infrastructure provision and construction productivity. That 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 infrastructure sequencing problem reflected in the $14.7 billion shortfall in Victoria's contributions plans, now compounded by industry-wide capacity constraints. Infrastructure Australia now projects labour supply will not meet infrastructure demand until the end of 2027, and an MAV survey found over 80% of respondents had seen tender responses for infrastructure projects weaken over the preceding 12 months. No amount of planning deregulation will resolve construction delays caused by absent water, sewerage, roads or utilities connections that councils cannot fund, find workers to build or contract for.

Misaligned incentives: Councils are held accountable for housing targets and approval times, but water, energy and transport providers – largely state-owned or state-regulated – are not held to equivalent housing supply objectives, and their capital programs are not required to align with rezoning. Utilities and referral agencies, and the state governments that resource and fund them, should be publicly accountable for supporting housing growth in the same way councils are. MAV supports the accountability framework across governments, regulators and utilities proposed in reform direction 4.2.

Feedback on reform directions 4.1 and 4.2: MAV supports both. To resolve coordination issues in practice, MAV suggests they include:

- earlier government acquisition of land for essential infrastructure (roads, drainage, schools and open space), before land values escalate around a housing release
- a transparent, harmonised reporting platform tracking contributions revenue and expenditure at council and precinct level, so that funding gaps are visible on an ongoing basis rather than uncovered through one-off stocktakes
- funded local infrastructure plans prepared and consulted on before upzoning, not after it

#	Recommendation	Action
20	**Address infrastructure financing as a prerequisite for housing delivery** IR 4.2, 4.5 | RD 4.1, 4.2	*The final report should 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 better-targeted investment in infrastructure, and to work with local government on funding frameworks that provide certainty to developers, protect existing communities and maintain council financial sustainability.*

21	**Bridge deferred contributions with forward funding** IR 4.3 | RD 4.4	*Where contributions are deferred to support project feasibility, state or Commonwealth governments should provide forward funding, such as low-cost finance or revolving infrastructure funds repaid from later contributions, so the financing risk does not fall on councils and existing ratepayers.*
22	**Make contributions cost-reflective, indexed and transparent, and grandfather existing plans** IR 4.4 | RD 4.1, 4.3, 4.4	*Contribution frameworks should allow regional and typology-based variation, be indexed annually to actual delivery costs, carry existing Development and Infrastructure Contributions Plans through any transition, and be supported by transparent council- and precinct-level reporting of collections and expenditure.*
23	**Acquire land for essential infrastructure early** IR 4.1, 4.2 | RD 4.2	*Governments should acquire land for essential infrastructure (roads, drainage, schools and open space) before a housing release escalates land values, as part of the accountability framework proposed in reform direction 4.2.*
24	**Remove the conditionality on the Commonwealth's Local Infrastructure Fund** IR 4.5	*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 a state government's reform agenda.*
25	**Restore Financial Assistance Grants to 1% of Commonwealth taxation revenue** IR 4.5	*The Commission should recommend that the Australian Government restore Financial Assistance Grants to at least 1% of Commonwealth taxation revenue and expand the share of untied funding available to local government, as the most efficient way to support councils to enable well-planned, serviced new homes.*

Information request 4.3: Deferring contributions and upfront infrastructure funding

Responding to: Information request 4.3 (balancing later collection of contributions with the need for upfront infrastructure funding)
Related reform directions: 4.4
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

MAV understands that deferring developer contributions later in the development process may improve project feasibility, but it does not remove or reduce the cost of infrastructure. It moves the financing risk onto councils, which must fund and deliver infrastructure before contributions are received. Victorian councils cannot absorb this risk.

Our independently sourced evidence outlines that Victoria's contributions plans already carry $14.7 billion in unfunded or partly funded infrastructure obligations, with the largest gaps in the fastest-growing councils, which are expected to deliver the most housing. If contributions are deferred, the gap must be bridged by state or Commonwealth forward funding, such as low-cost finance or infrastructure funds repaid from later contributions. Without this, deferral will delay the very infrastructure needed to make housing viable, or shift growth costs onto existing ratepayers.

In Victoria, contributions plans underwrite a fraction of the infrastructure required to support the housing growth government has planned for. MAV's interim submission on infrastructure contributions reform also identified that:

- for every dollar of revenue Victorian councils collect, they manage around $10 of physical community assets, compared with $4 for the Victorian Government and $0.40 for the Commonwealth.
- on a Financial Assistance Grant–adjusted basis, the number of Victorian councils reporting underlying deficits rose from 35 to 43 in 2021–22 and from 37 to 46 in 2022–23 – evidence that council financial sustainability is deteriorating at the same time housing and infrastructure demands are increasing
- rate capping severely constrains councils' capacity to close infrastructure funding gaps, shifting costs to ratepayers or deferring them to future governments and communities. Since the rate cap's introduction, it has reflected only around 60% of the cost increases councils actually face; for 2026/27 the cap is set at 2.75% against a predicted cost increase of at least 3.5%.

Information request 4.4: Developer contribution frameworks

Responding to: Information request 4.4 (whether the directions for developer contribution frameworks address key infrastructure challenges, with evidence and case studies)
Related reform directions: 4.3, 4.4
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

MAV's July 2025 interim submission on Infrastructure Contributions Reform included independent analysis and presentation of the first statewide stocktake of Victoria's contributions system. It was prepared to inform the Victorian Government's reform of the state's infrastructure contributions system. Our evidence supports the Commission's reform direction 4.3 – that contributions should reflect the accurate cost of providing infrastructure. In the Victorian context, we found that:

- Victoria's Development Contributions Plans (DCPs) and Infrastructure Contributions Plans (ICPs) carry a combined $14.7 billion in planned but unfunded or partially funded infrastructure obligations ($12.2 billion across 126 DCPs and $2.5 billion across 14 ICPs), tied to land earmarked for around 1 million homes. This burden falls mostly on councils
- The gaps are the greatest in the fastest-growing councils, who are expected to deliver the most housing under *Plan for Victoria*'s housing targets: Melton City Council faces a gap exceeding $600 million (plus a further $145 million for future precincts); Hume City faces $150.3 million across 52,917 planned dwellings; and Mitchell Shire faces $109 million, plus a further $640 million to deliver sub-regional facilities such as libraries and aquatic centres
- Inner-Melbourne precincts carry gaps too: the City of Melbourne's Arden and Macaulay precincts alone face a $251.3 million funding gap against 16,989 planned dwellings
- Annual developer contributions collected across Victoria (DCPs, ICPs and GAIC combined) total around $600 million a year – a fraction of the billions in infrastructure obligations communities expect
- the development sector should only contribute a share, but the size of the gaps drives shortfalls in timely and sequenced housing delivery.

MAV agrees with the principle of cost-reflective contributions, with a clear nexus, apportionment and indexing (reform direction 4.3). However, flat or uniform charges will not reflect true costs across Victoria's diversity of growth contexts: peri-urban greenfield, established infill and regional councils face very different land values, infrastructure types and delivery costs. Cost-reflective contributions need regional and typology-based variation in their design and implementation.

The cost-reflective principle should also recognise that infill development benefits from infrastructure funded by previous governments and communities, yet current frameworks under-charge infill's contribution to the renewal and upgrade of that infrastructure relative to the benefit received.

On reform direction 4.4, MAV supports upfront estimates, online calculators, consistency across councils and transparent reporting. Two further design features are essential. First, charges must be indexed annually to actual infrastructure delivery costs, or any new framework will continue to create funding gaps. Second, existing Development Contributions Plans and Infrastructure Contributions Plans should be carried through any transition, so that growth costs are not shifted to existing ratepayers.

Information request 4.5: The Australian Government's role

Responding to: Information request 4.5 (whether the proposed roles for the Australian Government are useful and appropriate, and other roles to consider)
Related reform directions: 4.1, 4.2
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

While the sector welcomed the 2026–27 Federal Budget's $2 billion Local Infrastructure Fund, we remain concerned about its conditionality. Tying federal infrastructure funding to local councils via state planning reform risks sidelining local government further, at precisely the point where councils need stronger, not weaker, frameworks to coordinate housing and infrastructure delivery.

The same principle applies to proposals linking Financial Assistance Grants to housing targets or other housing indicators. These grants support essential services and infrastructure, particularly in financially constrained regional, rural and remote councils. They are flexible so as to respond to the individual needs of a community: they are intentionally not tied to only one type of policy outcome. Victorian councils have

funding gaps far exceeding the Commonwealth's commitment; undermining local government financial sustainability and reducing infrastructure delivery certainty in pursuit of speed will widen the housing gap.

The Australian system of government is built on an assumption of revenue sharing from higher levels of government to more localised ones. This addresses both the revenue-raising and service delivery imbalance between tiers of government and diverse needs between jurisdictions. These assumptions have eroded over time, exacerbated by cost shifting, with councils and local communities bearing the cost. Yet councils coordinate, fund and deliver the kinds of infrastructure that make new communities, housing estates and precincts and the homes within them, liveable. Local government remains the Commonwealth's and state governments' critical partner in securing social licence for urban policy, housing supply and place-making in our cities, towns and regions. Councils deliver an extraordinary range of services, and the infrastructure that supports them. This includes (but is not limited to):

- Place-making and community infrastructure
- Road management and maintenance
- Footpaths and bike paths management and maintenance
- Library services
- Kindergarten services
- Maternal and Child Health services
- Sport and recreation facilities
- Public parks, gardens, and playgrounds

MAV supports the Commission's proposed roles for the Australian Government and asks it to consider one more: restoring the quantum of untied funding to local government. MAV's evidence shows that restoring Financial Assistance Grants to 1% of Commonwealth taxation revenue (from under 0.5% today) would cost the Commonwealth $2.4 billion, but generate a $3.4 billion increase in Gross Regional Product and support 22,814 additional full-time-equivalent jobs (AEC Group, 2022) – which is a stronger economic return than many infrastructure-specific grant programs, while giving councils the untied flexibility to direct funding to their most pressing needs. SGS Economics analysis for ALGA suggests consolidating grant programs into block transfers could save a further $235.64 million a year in administrative costs sector-wide.

The benefits of addressing these problems are numerous, diverse, and immediate. Financially secure councils with sustainable infrastructure delivery programs enable housing supply. They are more proactive, from developing innovative and sector leading responses to planning and climate issues, providing preventative maintenance to shaping a circular economy or prioritising continuous improvement in service delivery. MAV's submission to the Federal parliamentary inquiry into local government financial sustainability provides more detail about the challenges and opportunities councils have supporting and meeting their community's needs.

The Commission's final report should address infrastructure financing, and call for better targeted investment from federal and state governments. With a properly resourced and designed infrastructure funding system that builds communities, provides certainty to developers and maintains the financial sustainability of councils, alongside efficient planning approvals, more approved homes will be built. MAV would support additional housing-related financial incentives for local government that are dedicated to infrastructure and implementation capability.

Regional and rural housing (cross-cutting issues)

Responding to: Information requests 2.1 (development feasibility), 2.2 (land availability) and 5.1 (implementation)
Related reform directions: 2.1, 2.3, 4.3, 4.4
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

The interim report focuses largely on metropolitan and infill housing markets. It says little about regional and rural areas, where the constraints on supply are often quite different. MAV urges the Commission to include dedicated analysis of regional housing markets in its final report.

In much of regional Victoria, and indeed Australia, the main constraint on housing supply is not zoning but feasibility. The Victorian Parliament's Environment and Planning Committee, in its November 2025 report on the supply of homes in regional Victoria, found supply is constrained by a lack of land with adequate infrastructure, high construction costs, low valuations for completed homes, and the financing

arrangements for homebuyers and developers (Finding 7). Where the cost to build exceeds what a completed home will sell or value for, relaxing land-use controls is not producing more homes.

MAV's submission to that inquiry noted that Plan for Victoria's regional targets require around 20,000 new dwellings a year – which is more homes (and the supporting infrastructure) than regional Victoria has ever delivered.

Enabling infrastructure is the most common bottleneck reported by both councils and local development sectors. Many regional towns have land zoned for housing and strong underlying demand, but no funded plan for roads, water, sewerage or power. Lower land values and slower rates of development mean developer contributions raise less and arrive later, leaving councils to carry the cashflow gap. The Committee found contributions plans are complex, expensive and difficult for smaller councils to administer, and often fall short of the real cost of infrastructure (Finding 11). A single, flat-rate national or state model for contributions would not work in these markets.

Regional councils also face acute workforce constraints. Many struggle to attract and retain statutory planners, and rely on referral authorities that are themselves under-resourced. The Committee recommended addressing barriers to planner training and retention in regional areas (Recommendation 9) and broadening the Regional Planning Hubs program (Recommendation 10) – a program MAV has consistently supported.

Regional housing markets are also highly varied. Tourism towns, agricultural districts and regional cities face different pressures, including the loss of homes to short-stay accommodation, shortages of key worker housing, and some of Victoria's highest rates of homelessness and overcrowding in municipalities such as Swan Hill, Mildura and Greater Shepparton. Statewide codes designed around middle-suburban Melbourne, such as the Townhouse and Low-Rise Code, do not translate well to regional, peri-urban and growth area contexts.

#	Recommendation	Action
26	**Tailor reform to regional and rural housing markets** IR 2.1, 2.2, 5.1	*The final report should include dedicated analysis of regional housing markets; identify a Commonwealth role in co-funding regional enabling infrastructure and feasibility gaps; support regional taskforces to lead integrated settlement and infrastructure planning; and adapt national codes, contributions frameworks and performance measures to regional, rural and remote contexts.*
27	**Support the regional planning workforce** IR 3.4, 5.1	*The Commonwealth and states should address barriers to planner training and retention in regional areas, and expand shared-resource models such as Victoria's Regional Planning Hubs.*

7 Sequencing reform, and supporting implementation

Responding to: Information request 5.1 (ease of implementation, quick wins, co-dependencies and sequencing, Closing the Gap, and Commonwealth support)
Related reform directions: All – see Attachment A
MAV's position on each reform direction is set out in *Attachment A: Reform directions with MAV response*.

Information request 5.1: Implementation, quick wins and sequencing

The Commission asks which reform directions will be easy or hard to implement, whether there are quick wins, and how the Australian Government can support state, territory and local governments to move toward best practice. MAV and local government are well placed to assist.

Councils are the level of government that implements planning reform. How the Commission's reform directions are sequenced will decide whether they produce homes, or just more zoned capacity without homes getting built.

MAV proposes an orderly program built on four stages. Stages 1 to 3 create the conditions under which land-use reform (stage 4) delivers housing.

- **Stage 1 – Systems, data and workforce.** Fund statewide planning systems and interim council ICT upgrades; establish approvals-to-completions and referral reporting; invest in the planning workforce; and measure the reforms already agreed (reform direction 3.4).
- **Stage 2 – Infrastructure planning and funding.** Prepare and fund infrastructure plans for areas identified for growth, and reform contributions frameworks, with forward funding and early land acquisition (reform directions 3.1, 4.1 to 4.4).
- **Stage 3 – Approvals and pathways.** Codify simple matters, improve referral coordination, and hold state pathways to transparent criteria, with fair fee sharing (reform directions 3.2 to 3.4).
- **Stage 4 – Land-use reform.** Expand zoned capacity where infrastructure is planned and funded, with hazard, climate and design safeguards in place (reform directions 2.1 to 2.6).

Quick wins: Several actions could be taken within 12 months:

- return a fair share of application fees to councils that assess applications under state pathways
- publish timeframes, including pre-application, and outcomes for state-significant pathways
- publish matched approvals-to-completions data using existing planning and building permit records
- remove state-reform conditions from the Local Infrastructure Fund
- Complete Victoria's amendment regulations that make it more efficient for councils to review and remove outdated controls

Technical and time-intensive reforms:

- Developer contributions reform and infrastructure sequencing have long lead times, involve many agencies and require funding commitments beyond a single budget cycle. They are also the reforms on which the success of land-use reform depends, so they should start first rather than last. Land-use reform delivered ahead of infrastructure risks adding zoned capacity that is not built.
- Complete Victoria's planning regulations review and rewrite, while codifying genuinely simple matters out of the permit system. This work includes the relevant ICT systems upgrade and an efficient, simple state-wide planning permit portal

Commonwealth support for implementation

Federal housing funding should be tied to partnerships. Conditions councils cannot reasonably meet, or are not responsible for, should not be included. Funding should flow directly to councils through programs such as the Housing Support Program, not only through the states. Restoring Financial Assistance Grants, and co-funding enabling infrastructure linked to infrastructure sequencing plans, would address the most significant constraint on councils' ability to support growth.

Local government should have a larger role in national housing governance through ALGA, including in implementing the National Housing Accord. The Commonwealth should also support national capability-building, such as the National Local Government AI Working Group and shared data standards, so that councils can adopt best practice consistently across jurisdictions.

#	Recommendation	Action
28	**Sequence reform in stages, starting with systems and infrastructure** IR 5.1	*The final report should set out a staged implementation pathway: (1) systems, data and workforce; (2) infrastructure planning and funding; (3) approvals and pathways; and (4) land-use reform where infrastructure is planned and funded.*
29	**Give local government a formal role in national housing governance** IR 5.1	*Local government should have a formal role in national housing governance through ALGA, including an extended National Housing Accord linked to infrastructure and place-making, with Commonwealth housing funding flowing directly to councils through programs such as the Housing Support Program.*

MAV calls for a broad approach to addressing affordability

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, based on best regulatory practice and confirmed by the most prolific users and experts in planning system delivery – frontline council planning officers. Our submission 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. The submission continues to frame MAV's planning system reform advocacy at the state level.

MAV continues to caution against 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.

Unfortunately, the lack of appropriate, affordable housing is largely caused by much wider policy settings that have been deemed outside the scope of this inquiry. The dominant focus on supply has directed inquiry away from outcomes that are largely within governments' control, and that could deliver a more sustainable supply of high-quality, well-located homes. These include:

1. **Deliver housing reform in partnership**
   The State Government has a responsibility to deliver an efficient system of urban management and housing supply. Councils too want to deliver liveability and a good quality of life for existing and future residents, especially the kind of housing Victorians need. Councils know their communities and local places and are local 'content experts'.

   The joint aim should be to improve liveability in areas of change, to attract new investment and people. There is a need for a mature partnership between state and local government, and now the Commonwealth: each has a role to play, and none can solve the housing problem alone.

   One such example is extending the life of the National Housing Accord, with remit and investment connected to infrastructure provision and place-making, in addition to the Homes for Australia national plan (which includes the Housing Australia Future Fund, Rent Assistance and billions of dollars to fund state and territory homelessness services and public housing repairs).

2. **Meet our social and public housing needs**
   Market supply alone will not house people in the lowest income quintiles. Social and affordable housing delivery can happen outside planning regulation, through greater government investment. We support ongoing investment in this space, alongside and in parallel with targeted planning and building reform.

   State and Commonwealth governments, with support of local government, lead the funding and supply of social and public housing. While investment such as the Victorian Government's Big Housing Build was welcome after years of extreme neglect, more one-off and ongoing investment is needed. It is estimated that Victoria alone still requires over 6,000 additional social housing dwellings per year for 10 years to bring it up to even the national average rate.

   Direct investment into social housing increases the supply of housing available for those in greatest need. Governments at all levels have a responsibility to address the needs of vulnerable and disadvantaged people.

   The state government should establish a clear plan to achieve its own target of reaching the national share of social housing of 4.2% of all housing, as well as expanding affordable housing consistent with state and national goals, through direct investment, leveraging Commonwealth Government funding, land-lease models on government land, working with Councils to invest the proceeds of a mandated Social and Affordable Housing Contribution, and increased social, public and affordable home targets.

3. **Enabling ‘development’ infrastructure and ‘place’ infrastructure**
Infrastructure is co-dependent in the reform program and can be difficult to sequence. Delivery of development infrastructure, such as water, sewerage, drainage and roads, determines whether zoned land can be built on at all. Utilities and referral agencies, and the state governments that resource and fund them, should be publicly accountable for supporting housing growth in the same way councils are (information request 4.1).

Because the infrastructure and contributions schemes that unlock development are costly, involve many agencies and take years to deliver, they must begin before upzoning, not after it.

The mechanisms for delivering new open space and other ‘place’ infrastructure cannot be left in the ‘too difficult basket’ to be considered at a later time after statewide planning reform is developed. Planning for new housing and growing communities needs to emphasise the importance of ‘place’ and establish the funding and joint projects to enable the provision of place and local liveability.

In many regional areas, on the edges of towns and cities, there is sufficient land allocated for new housing, and in many cases strong underlying demand. MAV and the Commission agree that market response and new housing supply are often stifled or held up because of a lack of enabling development infrastructure. Not all potential development fronts can be serviced, hence the increasing emphasis on additional infill development, led by state governments such as Victoria’s.

Stimulating high-quality and liveable local and place development at higher densities depends on expanding open space, public realm improvements, wayfinding, active transport, car parking innovations, micromobility devices, such as e-scooters, and other place-based infrastructure to support growth.

We recommend the Commission review MAV’s recommendations to the Victorian Government on reforming Victoria’s infrastructure contributions system. For the Commonwealth focus of this inquiry, restoring Financial Assistance Grants is essential to close the gap between the assets councils must maintain and the revenue they can expect to raise.

Productivity Commission – Housing Supply Regulation Interim Report (July 2026)

Attachment A: Reform directions with MAV response

This attachment accompanies MAV's submission to the Productivity Commission's interim report on Housing Supply Regulation. For each proposed reform direction it sets out MAV's position, supporting Victorian evidence, and the section and recommendations of the submission that relate to it.

#	Reform direction	Key elements	MAV response
Land-use controls (Chapter 2)			
2.1	Allow up to 3-storey development across most residential land	• Applies to all residential land • Exceptions only for environmental, hazard or heritage-listed buildings, and only where benefits outweigh costs	**MAV position: Largely in place in Victoria – supported with qualifications** Victoria is already close to this reform direction. Its most widely applied residential zone, the General Residential Zone (GRZ), allows development of up to three storeys and 11 metres (a mandatory maximum, unless varied by a schedule). Other zones allow more intensive development: the Residential Growth Zone (13.5 metres, discretionary, around four storeys); the Housing Choice and Transport Zone introduced in 2025 (three to six storeys, depending on the schedule and site size); and the Mixed Use and Commercial 1 zones, which have no default height limit. The central city is subject to the Capital City Zone and other special zones. The current residential zones were introduced in 2013 and substantially updated in 2017, when mandatory height limits and a minimum garden area requirement were introduced in the NRZ and GRZ. Current housing capacity assessment work has been required to conform with state government methods and tools, which in some cases is delaying councils' consideration of rezoning land from the NRZ to the GRZ. Exceptions under this reform direction must also allow for natural hazard and climate risk (see reform direction 2.2). *See submission section 6, information requests 2.1–2.3; Recommendations 6, 7.*

2.2	Allow mid-rise and/or high-rise apartments in high-demand areas	• Mid-rise (4–9 storeys) and/or high-rise (10+) where transport exists or is readily expandable • Implement alongside 2.6	**MAV position: Supported with qualifications** MAV supports reform directions that increase densities in areas where transport, services and other community infrastructure can absorb it, or where increasing those infrastructure services can be done cost-effectively. These areas are in high demand for more housing. The Victorian Government's Activity Centres and Train & Tram Zones program, and Suburban Rail Loop precincts, in addition to long-term activity centre planning led by councils, have already adopted key elements of this reform direction, including: **Activity Centres Program (state led)** • 58 train and tram zone activity centres, across a pilot program (10 centres, plans finalised April 2025) and two further stages (25 centres in Stage 1, finalised February–March 2026; and 23 centres in Stage 2, finalised mid-2026) • Infrastructure contributions plans for these centres are not scheduled to take effect until July 2027 – after the upzoning has occurred (see reform direction 4.2) • Building Heights & Density: Properties inside and around the centres are categorised into core, inner, and outer areas, varying rules by distance from public transport • Introduces targeted upzoning, permitting heights up to 8-10 storeys around key transit hubs, up to 12 storeys along major tram tracks, and up to 20 storeys in inner-core precincts • Streamlined Approvals: Replaced locally led structure planning with fast-tracked, information-constrained government and ministerial planning process and new controls, coupled with codified townhouse and mid-rise apartment design standards **Suburban Rail Loop East (SRL East) station precincts (state-led)** • Precinct Zone (PRZ): Introduces bespoke zone schedules tailored for station development areas and major activity centres to manage long-term commercial, residential, and mixed-use growth over a 15-year horizon • Built Form Overlay (BFO): Sets explicit parameters for building heights, densities, and design transitions within roughly 800 metres of the new underground stations • Parking Overlay (PO): Adjusts parking minimums and maximums to prioritise transit-oriented development and active transport connectivity

#	Reform direction	Key elements	MAV response
			Council example (MAV can provide many more examples): *Coburg is Here, Merri-bek City Council* • The "Coburg is Here" concept outlines a draft framework by Merri-bek City Council for central Coburg that proposes building heights ranging from 3 to 18 storeys across 15 buildings on six sites • An 18-storey building is proposed directly opposite Coburg Station to anchor high-density transit-oriented development • Most other proposed buildings across the sites range from 7 to 12 storeys • Three-storey townhouses are planned near City Oval to provide a lower-scale transition • The framework would deliver around 1,000 new homes (with 23% to 30% targeted as social and affordable housing), new laneways, office spaces, and a new library and piazza MAV does not support allowing increased densities in areas that may be well serviced but are subject to unacceptable environmental and climate risk – such as coastal areas, low-lying riverine areas, areas with landslip and erosion hazards, or bushfire hazard. In Victoria, the program of updating flood controls based on hazard mapping is coming after the program of activity centre and state significant precinct development (e.g. Arden), and may require the retrospective review of some newly applied planning controls to ensure that development can cater for known flood risk that is not yet adequately mapped in planning schemes. *See submission section 6, information requests 2.2 and 2.3; Recommendations 6, 7.*

#	Reform direction	Key elements	MAV response
2.3	Reduce or remove minimum lot size requirements	• Target high-demand areas where lot sizes reduce feasible capacity • Subdivision rules must also be permissive	**MAV position: Largely in place in Victoria** The Victorian planning system already allows councils and state government to adjust lot sizes, where it is strategically justified to do so. Adjusting lot sizes, especially to allow smaller lots, has to be coupled with ensuring the precinct or area has the infrastructure capacity to support more dwellings, including drainage, open space, local roads and tree canopy. Where schedules to residential zones specify a minimum subdivision area, MAV supports councils reviewing them through their housing strategy work, supported by the funded infrastructure planning described in reform directions 4.1 and 4.2. *See submission section 6, information request 2.2; Recommendations 6, 9.*
2.4	Allow residential development in commercial zones unless there is a clear rationale for excluding it	• Review all commercial zones that restrict residential use • Retain restrictions only where there is a net benefit	**MAV position: Supported with qualifications – largely in place in Victoria** Mixed commercial and residential development is already a longstanding feature of Victoria's planning system. The Victoria Planning Provisions have for many years enabled residential use above commercial premises as-of-right in the Commercial 1 Zone and otherwise provided for residential and commercial uses to coexist in a range of mixed-use settings. MAV supports this direction, provided residential uses in commercial areas are protected from amenity conflicts (such as noise, loading and late-night trading), and employment land needed for local jobs and services is retained. *See submission section 6, information request 2.3; Recommendations 6.*

2.5	Review, reduce and remove land-use controls that reduce commercial feasibility	• Remove or reduce parking minimums where public transport is adequate • Replace blanket heritage areas with targeted, CBA-justified listings, with delisting mechanisms • Replace blanket neighbourhood character overlays with targeted protections	**MAV position: Key elements in place in Victoria – controls should be refined on evidence, not removed** **Parking minimums:** Victoria's car parking reforms, introduced in December 2025, replace blanket minimum parking requirements with a dynamic, tiered system tied to public transport accessibility. MAV supported these reforms. **Heritage areas:** The interim report (box 2.2) characterises precinct-based Heritage Overlays as 'blanket controls'. In practice, a mapped precinct overlay identifies the extent of a heritage place; it is not a blanket permit trigger for all works within its boundaries. Precincts are generally made up of non-contributory buildings (for which there is no meaningful limitation on development potential), contributory buildings (for which a permit is required but demolition beyond the front of the building and a net increase in dwellings is common), and significant buildings (for which a permit is required and which will often limit significant development potential but will typically make up a small minority of places overall). All buildings will be able to be altered in many ways that do not enliven a permit trigger. Even where significant alteration or removal of a heritage building is proposed, other planning considerations may outweigh the benefits of retaining a significant place, and permits may be granted. Even the most significant permit triggers do not denote prohibition; they trigger a discretionary assessment. To understand the relationship between heritage designation and housing capacity, one must therefore understand the typical effects of the actual control, policy and significance rating as they apply to lots – not only consider the presence or absence of a Heritage Overlay. The research cited by the Commission has not done this. There would be significant benefit in developing a community of practice on measuring the financial and economic benefits and costs of heritage fabric retention, especially the relationship between heritage fabric, embodied carbon and adaptive reuse potential. The Victorian Government is pursuing planning scheme amendment reforms – with MAV's support in drafting new regulations – that aim to

#	Reform direction	Key elements	MAV response
			make it much more efficient for councils to review and remove heritage controls where warranted. **Neighbourhood character overlays and relevant zoning:** Neighbourhood Character Overlays are applied selectively in Victoria, based on neighbourhood character studies tested through planning scheme amendments. The Townhouse and Low-Rise Code has already removed the neighbourhood character standard for designs that meet the Code (see reform direction 2.6). The main zone-based limit is the NRZ, which covers around a fifth of Melbourne's residential land (see reform direction 2.1). MAV supports refining neighbourhood character and heritage controls through funded, evidence-based reviews led by councils, rather than blanket removal by state override. Growth should also bring a liveability return: open space, tree canopy and community infrastructure. *See submission section 6, information request 2.1; Recommendations 8.*

2.6	Relax or remove built-form controls that limit household choice	• Modify site coverage, setbacks and height to enable townhouses and apartments • Remove maximum floor-space ratios • Remove restrictions on dwelling types • Remove minimum dwelling, balcony and storage requirements for apartments	**MAV position: Key elements in place in Victoria – safeguards needed** The Victorian Government's new Mid-Rise Code and Townhouse and Low-Rise Code have already adopted key elements of this reform direction: **Townhouse and Low-Rise Code** • Took effect on 31 March 2025, replacing the long-held ResCode rules for developments up to three storeys • Applies across Victoria to two or more dwellings on a lot and low-rise residential buildings up to three storeys (such as townhouses, duplexes, and low-rise apartments) in residential and mixed-use zones • Deemed-to-Comply (DTC) Pathway: If a design meets every mandatory standard in the code, councils must approve the permit directly without subjective discretion or balancing exercises • Environmentally Sustainable Design: Removal of local government ESD standards in 26 councils, replaced by lower state-level standards statewide • Minimum front setbacks have been streamlined and reduced in certain parameters (for example, shifting baseline expectations down to 6 metres in specific contexts) to boost housing supply. • Neighbourhood character standard removed from Clause 55 for compliant designs, creating a binary framework: a design either meets the standard or it does not **Mid-Rise changes and the new Mid-Rise Code:** • Introduced on 19 March 2026 (operational 16 April 2026), reforming design standards for residential and apartment developments of four to six storeys • Sets explicit numerical rules for building setbacks, room sizes, private open spaces, sunlight access, and tree canopy targets. • Fast-Track Approvals: Introduces a "deemed to comply" pathway that fast-tracks permits for compliant designs while removing third-party appeal rights for those applications. • Removal of local government Environmentally Sustainable Design standards in 26 councils, replaced by lower state-level standards statewide • Height Transitions: Mandates that building heights step down within an 800-metre (10-minute walk) catchment from the

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			commercial core to blend with surrounding lower-density suburbs. MAV supports the certainty these codes aim to provide. However, both commenced without a transition period, the Townhouse and Low-Rise Code was published on the day it took effect, and early council experience is that it is often producing less housing than zoned capacity allows on well-located sites. No data has yet been published on whether either code has reduced approval times. Local ESD and hazard provisions should remain in assessment until equivalent or stronger state standards are in place. *See submission section 6, information requests 2.1 and 3.3; Recommendations 7, 16.*

#	Reform direction	Key elements	MAV response
Approvals (Chapter 3)			
3.1	Consider infrastructure requirements and trade-offs early through strategic planning	• Identify high-demand localities; make facilitating housing there a performance goal for councils, agencies and utilities • Complete precinct-wide technical studies (flood, bushfire, biodiversity) • Engage referral agencies early • Codify outcomes in planning schemes rather than assessing site by site	**MAV position: Strongly supported** MAV strongly supports coordinated infrastructure planning, with trade-offs considered early through strategic planning. Our submissions have highlighted that under-resourcing and poor sequencing – not regulatory design – have caused housing supply delays. This is consistent with MAV's support for reform direction 4.1 of the Commission's housing construction productivity paper, which identified adequately resourced local government as a precondition for approval-timeframe reform, and under-resourcing of approval agencies as a structural cause of delay. If the Commission's concern is approval timeframes, the evidence in its own research points toward investing in local government capacity, and in the financial resources to deliver community-building infrastructure. Precinct-wide technical studies (flood, bushfire, biodiversity) and early engagement with referral agencies are best funded and led as part of council strategic planning. Victoria's Train and Tram Zone Activity Centres Program shows the risk of the reverse sequence: upzoning has been finalised before the infrastructure contributions plans for those centres, which are not scheduled to take effect until July 2027. *See submission section 6, information requests 3.1 and 5.1; Recommendations 6, 11, 12.*

#	Reform direction	Key elements	MAV response
3.2	Expand fast-track pathways for simple developments	• Deemed-to-comply assessment for more low-complexity developments, with minimal third-party input • More pattern books • Hybrid assessment for near-compliant proposals • Incentives for councils to assess faster	**MAV position: Supported with qualifications** MAV supports expansion of deemed-to-comply assessment for genuinely uncomplicated matters. There are a large number of simple matters that can be codified and moved out of the permit framework entirely; a far more administratively efficient way of reducing regulator and applicant burden than focusing only on creating ever more 'fast track permit approval pathways'. Victoria's amendments VC257, VC267 and VC274 are examples of rushed deemed-to-comply changes. They removed decision-makers' ability to consider adopted flood-risk mapping and contaminated land overlays for some applications, transferring risk from the planning system to the building system, landowners and ultimately communities. Whatever benefit these provisions were intended to create has been complicated by the administrative burden and the complexity of assessing whether standards are met. Deemed-to-comply assessment works best when properly tested with its users – usually applicants and councils – and not only the authors of the rules. MAV supports some use of pattern books, and hybrid assessment for near-compliant proposals, where they are developed with councils. Incentives for councils to assess faster should build capacity rather than penalise councils (see submission, information request 3.4). Hybrid assessments for near-compliant proposals may not always be compatible with the *Better Decisions Made Faster* reforms given the need for a complete absence of ambiguity about whether an application will be 'type 1' or 'type 2'. There will not, however, be a 'steep cliff' between these two types as described in the Productivity Commission's report. *See submission section 6, information requests 3.1 and 3.3; Recommendations 16.*

3.3	Use state-significant pathways where state-led assessment is clearly needed	• Transparent entry criteria • Decision powers not bound by council planning schemes • Early, targeted third-party consultation	**MAV position: In place in Victoria – requires significant review** The Victorian Government has already implemented key elements of this reform direction through its Development Facilitation Program (DFP); however, these pathways require significant review if they are to bring about administrative efficiency. Entry criteria into the DFP are not always clear, and regularly challenge the concept of state significance. Applications can include suburban dwellings as low as two storeys (clause 53.25). This reform direction must be held to its own test*: "used when a clear need for state-led assessment is demonstrated, with transparent and defined criteria."* The DFP has effectively created a new planning pathway and parallel planning system for applications that meet a certain threshold. This has created significant inefficiencies, drawn on council resources, and bypassed much of the planning framework that is meant to give certainty to developers and communities. Councils are still required to assist the Minister. Councils, and not the Minister, hold the property data necessary to issue accurate third-party notice and are required by law to provide this information on request. Third-party consultation is undertaken during the assessment process, and is not required to be done earlier or be targeted. MAV would support reform to the DFP that included earlier and meaningful consultation with third parties. Councils are still required to provide conditions for proposed approvals, to ensure that municipal service-related requirements on the landowner are accurately reflected. In many cases, council planners are required to undertake a near-complete assessment of the application to do this properly – even though most council recommendations are not taken up by the Minister. None of this work is compensated, and referral timeframes are often unreasonably short: this cost shift has not been measured. The DFP has undone the original premise of Victoria's current statutory fee schedule, which is now under review. The larger fees for major

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			applications were intended to offset the workload of smaller-fee applications. Councils are now losing their largest fee-paying applications to the Planning Minister and the Department of Transport and Planning. MAV understands that the loss of income as a result of the DFP has cost some councils up to 40% of their statutory planning fee revenue. MAV and councils have called on the government to initiate a fair fee-sharing process, so councils can resource their role in processing and deciding applications made through the DFP. Application timeframes are also not reported. While the time for assessment proper has been cut, the time for pre-application has greatly expanded: councils are aware that applications regularly spend six to twelve months in the “pre-application” phase. The latest pathway to be created, the Great Design Fast Track, can pick up proposals as small as a 2-storey townhouse row. This intervention ends the long-held notion that the Planning Minister’s role in deciding individual permit applications is reserved for matters of ‘state significance’. Clause 53.23 (significant residential development with affordable housing) is intended to incentivise affordable housing. MAV is not aware of published evidence on the number of affordable homes approved or delivered through it, or how long they will remain affordable. *See submission section 6, information request 3.4 (state-significant pathways); Recommendations 14, 15.*

#	Reform direction	Key elements	MAV response
3.4	Improve assessments through referral coordination, technology including AI, and transparent reporting	• Coordination bodies with power to decide conflicting referral advice • Greater use of technology and AI • End-to-end performance reporting, including public reporting by councils	**MAV position: Supported** MAV and local government are already advancing this reform direction. MAV strongly supports approvals-to-completions tracking, with reporting at precinct and municipal levels, not only state level, consistent with this direction's call for meaningful end-to-end reporting. Our 2025 MAVlab report *Adopting AI for Planning in Victoria's Councils* – developed with the City of Greater Dandenong under the Commonwealth's Housing Support Program, consulted on with 70% of Victorian councils and over 250 planning professionals – found a third of councils already use or are actively piloting AI in planning, and produced a first-of-its-kind AI procurement guideline for the sector. On transparent reporting, the City of Boroondara's Housing Trend Tracker – which cross-references planning permits against building occupancy permits – found that of 2,609 dwellings approved via multi-dwelling permits since August 2019, only 361 were built (a further 805 DFP-approved dwellings saw none constructed): a ratio of one dwelling built to every seven approved. Victoria currently lacks any reliable statewide equivalent of this data. The *Planning Amendment (Better Decisions Made Faster) Act 2026* commences on 29 October 2027, with no funded commitment yet to a statewide planning portal and ICT system. Without it, 79 councils risk building fragmented interim solutions. This is direct evidence against layering further reform before the current reforms are funded, implemented and measured (see also reform direction 3.1). MAV supports coordination bodies with the power to resolve conflicting referral advice, provided they have a clear mandate, published timeframes and the resources to act, and support rather than replace the responsible authority's assessment. AI in approvals should be risk-tiered, co-designed with council planners, and subject to mandatory human oversight of statutory decisions. *See submission section 6, information requests 3.3 and 3.4; Recommendations 11, 17, 18, 19.*

#	Reform direction	Key elements	MAV response
Infrastructure and developer contributions (Chapter 4)			
4.1	Coordinate strategic infrastructure planning with housing objectives	• Document how infrastructure plans support housing, prioritising high-demand areas • Keep plans current • Report project funding, and costs and benefits of major transport projects • Consistency across councils and alignment with state objectives	**MAV position: Supported** MAV supports reform directions that seek to coordinate strategic infrastructure planning with housing objectives. On this direction's call for "reporting the level of funding allocated to individual infrastructure projects": MAV's interim submission called for a transparent, harmonised reporting platform tracking contributions revenue and expenditure at council and precinct level, so funding gaps (such as the $14.7 billion identified in Victoria) are visible on an ongoing basis, rather than uncovered through one-off stocktakes. MAV also supports reporting zoned land by its readiness for development, distinguishing capacity that is serviced by infrastructure and commercially feasible from capacity that is not (see submission, information request 2.2). *See submission section 6, information requests 4.1 and 4.2; Recommendations 9, 20, 22.*

#	Reform direction	Key elements	MAV response
4.2	Improve sequencing of infrastructure with housing development	• Align rezoning and infrastructure lead times; release land only once a delivery plan exists • Time upgrades to coincide with upzoning • Accountability framework across governments, regulators and utilities • Link to approvals certainty (3.1)	**MAV position: Supported** MAV supports reform directions that improve sequencing of infrastructure with housing development. Recommendation 6 of MAV's interim submission on infrastructure contributions reform calls for earlier government acquisition of land for essential infrastructure (roads, drainage, schools, open space), before land values escalate around a housing release. Sequencing reform that does not address land acquisition timing will keep costs rising ahead of delivery. MAV supports the proposed accountability framework across governments, regulators and utilities. Utilities and referral agencies should be publicly accountable for supporting housing growth in the same way councils are. In Victoria, activity centre upzoning has been finalised ahead of the infrastructure contributions plans for those centres, which are due to take effect in July 2027. *See submission section 6, information requests 4.1 and 4.2; Recommendations 6, 23.*

#	Reform direction	Key elements	MAV response
4.3	Ensure developer contributions reflect the accurate cost of infrastructure	• Levy where there is a clear nexus and demonstrated need • Apportion where benefits are dispersed • Remove where there is no nexus • Cost-reflective charges unless administrative burden is too high	**MAV position: Supported with qualifications** MAV agrees with the principle but notes flat charges will not reflect true cost across Victoria's diversity of growth contexts – peri-urban greenfield, established infill, and regional councils all face different land values, infrastructure typologies and delivery costs. Cost-reflective contributions require regional and typology-based variation in design and implementation. The Commission's cost-reflective principle should recognise that infill development benefits from infrastructure funded by previous governments and communities, yet current frameworks under-charge infill's contribution to renewal and upgrade relative to the benefit received. Victoria's contributions plans carry a combined $14.7 billion in unfunded or partly funded infrastructure obligations, with the largest gaps in the fastest-growing councils expected to deliver the most housing (see submission, information request 4.4). *See submission section 6, information request 4.4; Recommendations 22.*

#	Reform direction	Key elements	MAV response
4.4	Move developer contribution frameworks towards best practice	• Upfront estimates and online calculators • Staged or deferred payment • Consistent approach across councils within a state • Bundle contributions into single levies • Centralised, transparent reporting of collections and delivery	**MAV position: Supported with qualifications** MAV supports upfront estimates, online calculators, consistency across councils within a state, and centralised, transparent reporting of collections and delivery. Staged or deferred payment can improve project feasibility, but it does not reduce the cost of infrastructure. It moves the financing risk onto councils, which must deliver infrastructure before contributions are received. Deferral should be paired with state or Commonwealth forward funding, such as low-cost finance or revolving infrastructure funds repaid from later contributions. Bundling contributions into single levies may reduce administrative burden, provided the nexus to local infrastructure is retained and funds flow to the authorities that deliver the infrastructure. The “no community left behind” position in MAV’s interim submission notes that charges must be indexed annually to actual infrastructure delivery costs, or any new framework will continue to create funding gaps. Existing Development Contributions Plans and Infrastructure Contributions Plans should also be carried through any transition, so growth costs are not shifted to existing ratepayers. *See submission section 6, information requests 4.3 and 4.4; Recommendations 21, 22.*

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 inquiries@mav.asn.au

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