

Managing Victoria's Planning System for Land Use and Development

Tabled 22 March 2017

This video presents an overview of the Victorian Auditor-General's report *Managing Victoria's Planning System for Land Use and Development*, tabled on 22 March 2017.

Victoria's planning system

In 2015–16 ...



**Victoria's
property industry**



57 000 planning permit applications



46 000 new dwellings



62 000 new lots

Population growth

→ increased pressure on jobs,
housing and infrastructure

**+100 000
per year**



The property industry is the largest sector in the Victorian economy. In 2015–16, more than 57 000 planning permit applications were approved through the planning system, providing for an estimated 46 000 new dwellings and 62 000 new lots. This created about \$25 billion of proposed economic investment in Victoria. With the state welcoming about 100 000 people a year, pressure on jobs, housing, infrastructure and other services will intensify, creating further challenges for Victoria's planning system.

Planning and Environment Act 1987

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The *Planning and Environment Act 1987* (the Act) sets out the framework and broad objectives for planning. Victoria's local planning schemes are based on the Victoria Planning Provisions (VPP), which provide a consistent set of state policies and controls to guide land use and development across the state.

Managing Victoria's planning system

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Department of Environment, Land, Water and Planning

- Victoria Planning Provisions
- Advice on planning policy, strategic planning and urban design
- Decisions on land use and development as the minister's delegate



Local councils

- Decisions on land use and development
- Changes to planning schemes



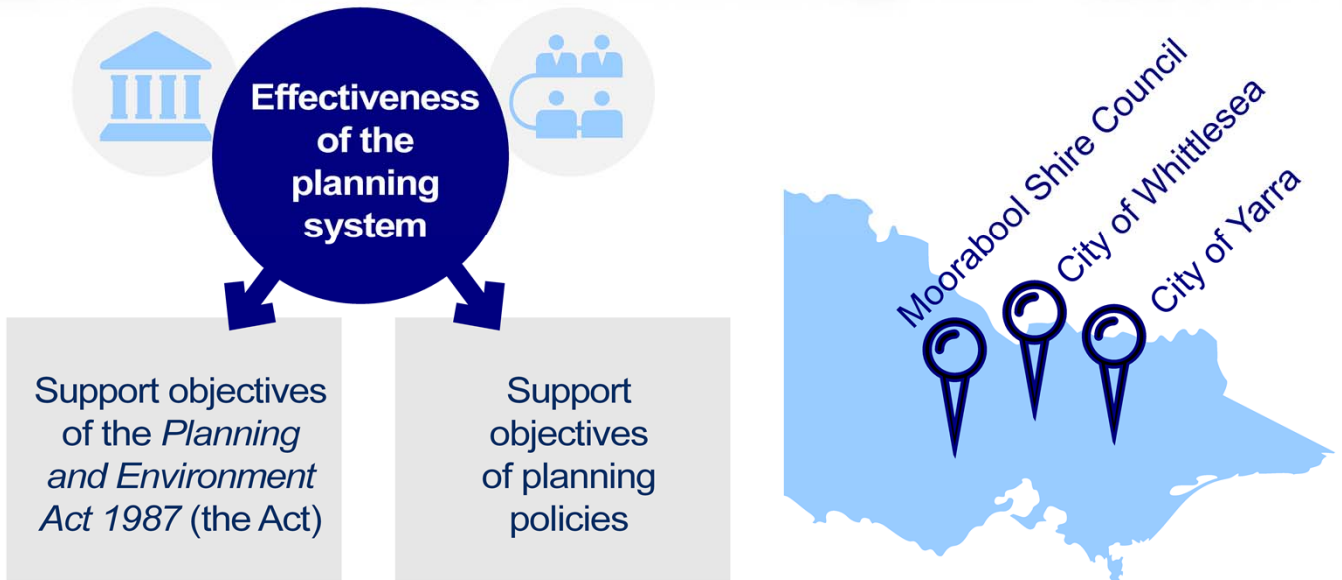
Minister for Planning

- Approval of changes to planning schemes
- Decisions on land use and development

The Department of Environment, Land, Water and Planning (DELWP) is responsible for managing the Victoria Planning Provisions and providing guidance and advice to councils on local planning scheme content and application.

Councils make most decisions about what land use and development is allowed and propose changes to planning schemes—which must be approved by the Minister for Planning (the minister). The minister also makes changes to the planning schemes and decisions on land use and development in locations where he or she has the authority to do so.

What we looked at



In this audit, we assessed whether DELWP and councils—the Cities of Yarra and Whittlesea, and Moorabool Shire Council—are managing and implementing the planning system and schemes to support the objectives of the Act and the objectives of state planning policies.

What we found



Management of planning system not fully effective



Despite efforts, planning system reforms not well implemented



Planning system remains complex

\$25.4 million

Reform program to overhaul planning system

DELWP and the three councils audited are not effectively managing and implementing the planning system and its schemes.

Significant effort has been directed to reform and improve the system over the years. Despite this, there has been little effective improvement in the key systemic issues plaguing the system since the early 2000s.

DELWP and councils are also not measuring the system's success in achieving the desired outcomes of state planning policies.

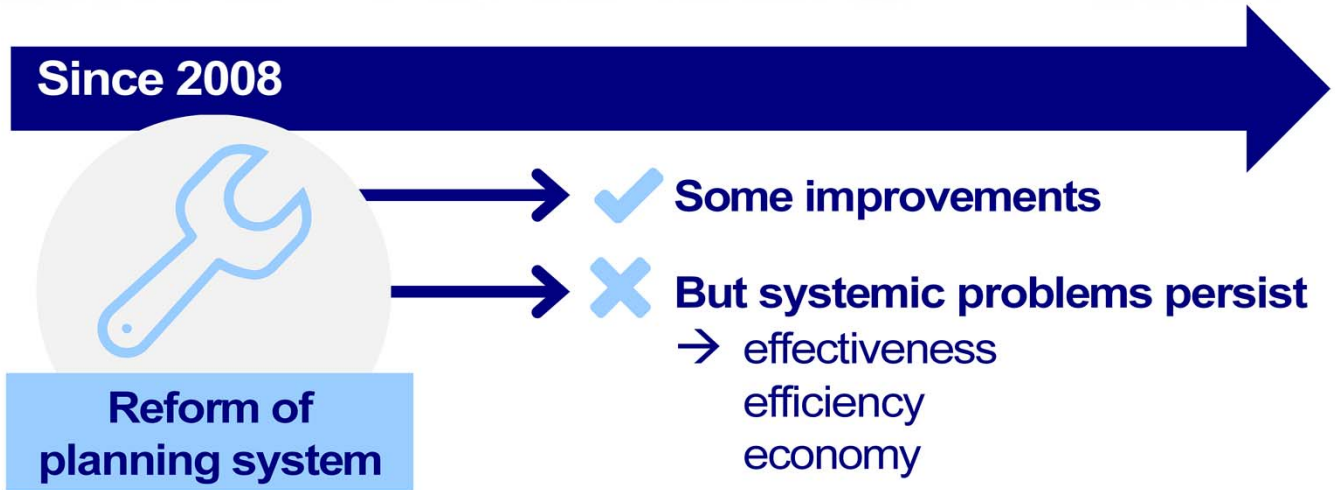
As a result, planning schemes remain overly complex and the effectiveness of planning schemes cannot be accurately measured.

Encouragingly, government is funding a \$25.4 million

program—the Smart Planning Program—to overhaul and improve Victoria’s planning system.

Reforming the planning system

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Government, planning departments and councils have continually reviewed and reformed the planning system since our 2008 audit *Victoria's Planning Framework for Land Use and Development*.

Reforms have not been well implemented by past planning departments and DELWP, due to changes in government and government policy, and poor prioritisation and resourcing by planning departments.

Barriers to better practice

Victoria's planning system

- ✓ Some better practice elements
- ✗ User friendly
- ✗ Efficient
- ✗ Responsive
- ✗ Clearly expressed strategic vision

Planning schemes

DELWP
and councils
still favour
control-based
approach

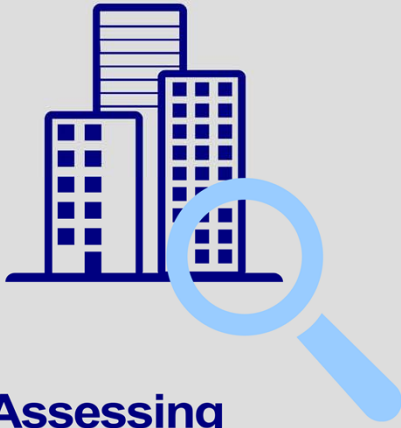
Victoria's planning system includes elements of better-practice principles, but is still not user friendly, efficient or responsive to change, and lacks clearly expressed policies and priorities.

Although government's objective is to achieve a performance-based approach to applying planning schemes, councils and DELWP still favour control-based approaches, making the system less flexible and responsive to change.

DELWP intends to address many of these barriers to better practice in its planned overhaul of the planning system.

Assessments informing planning decisions

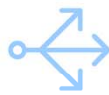
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**Assessing
planning proposals**



Some improvements since 2008



Lack of **comprehensive analysis** of all matters and policies



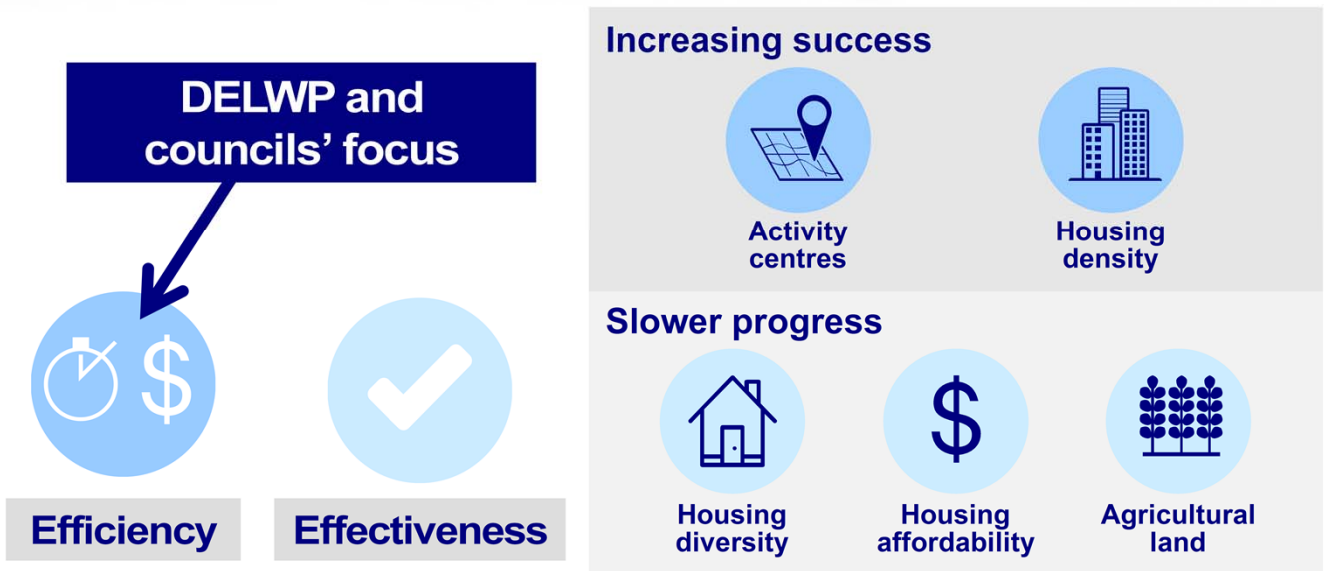
Risk-based assessment not fully incorporated



Reporting lacks **transparency**

Although there have been improvements in the assessments that inform planning decisions since our 2008 audit, they still rarely present a comprehensive analysis of all required planning matters and planning policies. In addition, risk-based assessment processes are not fully incorporated into the planning system, and the transparency of reporting planning decisions does not meet better practice.

Measuring performance



DELWP and councils have been focusing on measuring efficiency aspects of the planning system's performance, but not its effectiveness in supporting the delivery of desired policy outcomes.

Available data indicates that planning schemes are achieving increasing success in developing activity centres and increasing housing density, but shows mixed or slower progress in improving housing diversity and affordability, and in protecting valuable agricultural land.

Recommendations

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6 Recommendations for the Department of Environment, Land, Water and Planning

- Make sure the scope of the Smart Planning Program addresses all the issues identified in this audit and reforms are successfully implemented
- Strengthen its approach to overseeing and continuously improving the planning system, including regular reviews of its content
- Work with councils to improve the way planning schemes are applied
- Introduce a risk-based approach to development assessments
- Strengthen accountability and transparency for all planning decisions
- Work with councils to complete the performance measurement framework

We made six recommendations to DELWP, focused on extending the scope of the Smart Planning Program to address all issues identified in this audit, including adopting risk-based approaches for assessing developments, strengthening accountability and completing the performance measurement framework.

DELWP has accepted all of the recommendations.

For further information, please view the full report on
our website: www.audit.vic.gov.au

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