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.
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.
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.
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.
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.
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.
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.
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.
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.
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.
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: wwwaudit.vic.gov.au