

Appendix 1: Jurisdiction-Specific Reform Plan Template

National Competition Policy – Bilateral Schedule

FEDERATION FUNDING AGREEMENT – AFFORDABLE HOUSING,
COMMUNITY SERVICES AND OTHER

Table 1: Formalities and operation of schedule							
Parties	Commonwealth Victoria						
Duration	This Schedule is expected to expire on 31 December 2034.						
Purpose	This Schedule will support the delivery of the National Competition Policy (NCP) Federation Funding Agreement (FFA) Schedule. It contains Victoria’s Jurisdiction-Specific Reform Plan that details how Victoria will deliver the Objectives and Performance Requirements of the NCP FFA Schedule.						
Estimated financial contributions	Table a (\$ million)				% of maximum funding allocation	Maximum funding allocation (\$ million)	
	Liberalise and standardise commercial zoning rules and review planning requirements to ensure they do not distort competition						
	Output 1	Performance milestone 1		0%	0.0		
		Performance milestone 2		20%	11.994		
	Output 2	Performance milestone 1		0%	0.0		
		Performance milestone 2		20%	11.994		
	Output 3	Performance milestone 1		0%	0.0		
		Performance milestone 2		30%	17.991		
	Output 4	Performance milestone 1		0%	0.0		
		Performance milestone 2		30%	17.991		
	Estimated total budget				100%	\$59.970m	
	Table b						
	(\$ million)	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
	Estimated total budget	51.919	0.000	8.051	0.000	0.000	59.970
	Less estimated National Partnership Payments	51.919	0.000	8.051	0.000	0.000	59.970
	Victoria	51.919	0.000	8.051	0.000	0.000	59.970

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
Reform: liberalise and standardise commercial zoning rules and review planning requirements to ensure they do not distort competition						
Project 1: Implement measures to limit anti-competitive objections to development	1. State and Territory Parties review their respective commercial zoning rules and planning requirements against Guidelines to identify how to achieve the Project 1 Output. 2. State and Territory Parties respectively implement reforms to	Attachment C (see C1.1-1.2) outlines progress made toward the Performance Requirements for Project 1 consistent with Guidelines 1.1(a)-1.1(b), prior to signing the FFA schedule. See Reforms 1.1-1.2 below for demonstration of additional material progress. C1.1-1.2 detail other measures already in place to demonstrate compliance with Guideline 1.1(b) relating to the identification of appellants and their grounds for appeal, including powers where the objector seeks to secure or maintain a direct or indirect commercial advantage. This includes stronger powers for councils to reject objections where the objector seeks to secure or maintain a direct or indirect commercial advantage (including reducing competition) or is otherwise acting frivolously or vexatiously. As indicated in relation to Reform 1.1 further legislative amendments have been made to enhance the capability for responsible authorities to reject or avoid consideration of objections that are aimed at avoiding or delaying entry to markets in competition with existing suppliers and service providers. It should be noted that there is no requirement for grounds for appeal to be framed with respect to the public interest. This reflects that a key objective of objections in the planning process is to ensure	2025-26	\$5.997m for reforms completed prior to 29/11/2024 upon delivery of 'material additional progress' per Clause 39 of the NCP FFA Schedule. ¹	2026-27	

¹ Reforms considered 'material additional progress' per Clause 39 of the NCP FFA Schedule include: (1) Applying the Built Form Overlay (BFO) to 35 Activity Centres [Reforms 1.2 and 4.6], (2) Applying the Housing Choice and Transport Zone (HTCZ) to 35 Activity Centres [Reform 3.2], (3) Reforming the requirements for statewide parking rates [Reform 4.9], (4) Permanently exempting licensed premises from the planning permit process [Reform 4.4], (5) the Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025 [Reform 4.5], and (6) Expansion of the Development Facilitation Program (DFP) to include the Unlocking Strategic Sites Pathway [Reform 4.8].

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	limit anti-competitive objections to commercial development.	competing private interests can be considered in the development process to ensure development occurs fairly.				
Project 1: Implement measures to limit anti-competitive objections to development	- State and Territory Parties review their respective commercial zoning rules and planning requirements against Guidelines to identify how to achieve the Project 1 Output. - State and Territory	Reform 1.1: Review of the <i>Planning and Environment Act 1987</i> (PE Act) and updates via the <i>Planning Amendment (Better Decisions Made Faster) Act 2026</i> (PABDMF Act) <u>Background</u> In 2025 Victoria undertook a process to review and update the PE Act², which forms the basis of Victoria's planning system. Amendments contained in the PABDMF Act³ implement the findings of the review, constitute the largest change to the PE Act and Victoria's planning system in decades⁴, and generate economic benefits of over \$900 million a year through reducing red tape and time taken for planning processes⁵. These reforms will apply to all local planning schemes across Victoria. Among other things, Part 5 of the PABDMF Act introduced a framework for development assessment streams (referred to as a planning permit application in Victorian legislation), with types based	By 29/10/2027	\$4.498m	2028-29	

² <https://www.legislation.vic.gov.au/in-force/acts/planning-and-environment-act-1987/164>

³ <https://www.legislation.vic.gov.au/as-made/acts/planning-amendment-better-decisions-made-faster-act-2026>

⁴ <https://www.planning.vic.gov.au/guides-and-resources/legislation-regulation-and-fees/updates-the-planning-and-environment-act>

⁵ <https://www.premier.vic.gov.au/biggest-planning-shake-decades-will-deliver-more-homes>

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	Parties respectively implement reforms to limit anti-competitive objections to commercial development.	on the risk/complexity of the proposed developments and reforms to limit objections and appeals to developments: Type 1 (low risk/complexity) is an assessment pathway for planning permits to which applies simplified decision-making criteria prescribed in the PE Act. There are no third-party appeal rights (referred to as a right to review in Victorian legislation) under this application type (see section 59A of the PE Act). Type 1 applications must be of specified low risk/complexity types, currently determined through the VicSmart application process (see Reform C1.1, Attachment C) which Stream 1 will replace. These applications do not require referral to public authorities and notice is not required to be given to owners or occupiers of adjoining land (see section 86 of the PABDMF Act, which replaces existing notice provisions at section 51 of the PE Act but does not make provision for notice to be given for Type 1 applications). No third-party objections are possible (see section 57(1) PE Act as amended by section 96 of the PABDMF Act). A prescribed statutory time period will apply (proposed to be 10 days – see Reform 1.4) and if the responsible authority (generally the local council) fails to make a decision within this period then approval will be deemed to be given (see section 66A PE Act). In 2025 VicSmart (which will become Type 1) applications accounted				

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		for approximately 23 per cent (9,515) of all planning permit applications in Victoria⁶. Type 2 (medium risk/complexity) is a code-based assessment pathway that applies to applications for a development type for which a code has been developed. Responsible authorities will be required to complete assessment of Type 2 applications against the requirements of the code within the prescribed statutory timeframe (proposed to be 30-days – see Reform 1.4). In most cases, no notice of a planning permit application will be required, and therefore there will be no scope for objections by third parties (see section 50H of the PE Act as inserted by section 86 of the PABDMF Act). However, a planning code may specifically provide for notice to be given in specified circumstances (e.g. permitted variations from the code). In such circumstances, objections made can be received and must be considered by the responsible authority when determining whether to issue a permit. Regardless of whether notice is required, and objections are received, no third-party appeal rights apply (see section 82 of the PE Act as amended by section 130 of the PABDMF Act). Combined Type 1 and Type 2 planning permit applications are expected to account for more than 50 per cent of applications within four years of the streams commencing.				

⁶ <https://public.tableau.com/app/profile/planning.victoria/viz/PlanningPermitActivityReport/Activityoutcomes>

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		Type 3 (high risk/complexity) will be similar to the current permit assessment pathway, but with improved request for information, referral and public notice procedures. Third-party appeal rights are available to those owners and occupiers of neighbouring land that are directly notified of Type 3 applications due to the potential for those persons to be impacted. In 2025 standard applications (which will become Type 3 applications) accounted for approximately 77 per cent (31,826) of planning permit applications⁷. This is expected to fall to less than 50 per cent over the next few years. As indicated, different notice requirements, rights to lodge an objection and appeal are attached to the different application streams. The overall effect will be to reduce costs and avoid delays by establishing more proportionate and focused assessment processes that limit considerations to those that are necessary (based on likely impacts) and limiting anti-competitive objections and appeals. Notice requirements for applications considered under Type 3, and by implication, potentially subject to objections and appeals, will be prescriptively codified through a Ministerial Direction to be issued by 29/10/2027 (see Reform 1.4 below). The new framework created by this legislation will apply to all planning permit approvals processes within Victoria, which are generally overseen by local councils. <u>Implementation approach for Performance Requirements</u>				

⁷ <https://public.tableau.com/app/profile/planning.victoria/viz/PlanningPermitActivityReport/Activityoutcomes>

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		Consistent with Guideline 1.1(a)(i) once a planning permit application has been approved by local council and if no objections were raised, or if the objections were addressed to the satisfaction of the objectors, Type 1, 2 and 3 applications cannot subsequently be objected to, i.e. no planning permit applications in Victoria will be subject to third-party appeal once the permit has been granted (see Division 2 of Part 4 PE Act for grounds of VCAT review). Consistent with Guideline 1.1(a)(ii) permit Type 1 and 2 applications (projected to account for more than half of all applications) cannot be objected to by third parties and cannot be appealed. For applications considered under Type 3, only parties that have received direct notice can object (see section 82 PE Act as amended by section 130 PABDMF Act), with notice requirements being tightened to only those parties directly impacted (such as neighbours). As indicated, the specific notification requirements will be prescribed in subordinate instruments (see Reform 1.4 below). Consistent with Guideline 1.1(a)(iii) amendments to section 82 of the PE Act by section 130 of the PABDMF Act mean that only parties directly notified of a Type 3 planning permit application and have lodged an objection will be able to appeal a council's decision to the Victorian Civil and Administrative Tribunal (VCAT). Section 132 of the PABDMF Act repeals section 82B of the PE Act, which authorised people who had not lodged objections during the original planning permit application process to obtain leave from VCAT to seek review of a decision provided another person had lodged a written objection. This amendment abolishes that right altogether.				

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		The permit application streams and associated appeal and objection rights were established by the PABDMF Act, which received royal assent on <u>17 February 2026</u>⁸. Regulations, Ministerial Guidelines, amendments to the Victoria Planning Provisions, Ministerial directions and guidance will be developed to implement the above reforms, which will commence progressively by proclamation and will be fully implemented by no later than 29 October 2027, the default commencement date for amendments given in section 2(2) of the PABDMF Act. The subordinate instruments under development will give effect to the stated goals of the PABDMF Act by: • Specifying the criteria which will determine the application stream of a planning permit. • Clearly outlining the notice requirements for different permit application types and who must be directly notified. Specifying shorter statutory time periods and applying deemed approval mechanisms to reduce unnecessary delays and improve the agility of the planning system so that the planning system does not impede timely entry into markets or reduce the credible threat of entry into markets, due to time and cost considerations. Cumulatively, the amendments introduced by the PABDMF Act constitute material additional progress and go beyond the requirements of Guideline 1.1(a). The amendments ensure that compliant development assessments under Types 1 and 2 (except in				

⁸ <https://www.gazette.vic.gov.au/gazette/Gazettes2026/GG2026S087.pdf>

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		limited circumstances for Type 2) representing the majority of applications cannot be appealed under any circumstances, and the potential for third party appeals under Type 3 will be limited.				
Project 1: Implement measures to limit anti-competitive objections to development	2. State and Territory Parties respectively implement reforms to limit anti-competitive objections to commercial development.	Reform 1.2: Built Form Overlay (BFO) to support the Train and Tram Zone Activity Centres Program <u>Background</u> Victorian state-led planning controls such as the Built Form Overlay (BFO) have been developed and incorporated into the Victoria Planning Provisions. This allows the Minister for Planning to implement a consistent planning process and model across all Activity Centres (ACs) under the Train and Tram Zone Activity Centres Program ⁹ , and means all councils must apply a streamlined planning permit application process. This involves the application of planning controls such as the BFO and <u>Housing Choice and Transport Zone</u> (see Reform 3.2) within walking distance of each AC. The BFO will apply to the centre of each AC, which surrounds the public transport hub and is intended for mixed-use development. The BFO sets building heights and design rules and introduces a new streamlined planning pathway for developments that are 'deemed to comply' with the BFO standards. This program encourages mixed-use developments and increased density around suitable transport hubs across metropolitan Melbourne.	31/03/2026 when the BFO applies to 35 Activity Centres	\$1.499m	2026-27	

⁹ <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/train-and-tram-zone-activity-centres/about-our-plans>, see under “New planning tools” sub-section

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		<u>Implementation approach for Performance Requirements</u> The BFO planning control was implemented on 25/02/2025 through the gazettal¹⁰ of Amendment VC257¹¹ to the Victoria Planning Provisions (VPP) and all planning schemes in Victoria. Consistent with Guideline 1.1(a)(ii), applications for new developments within an area covered by a BFO will not be subject to a public notice period¹². Councils will not notify nearby landowners about any planning permit applications, nor provide 14 days to lodge an objection. Third parties also have no scope to review a planning decision made by the council and no right to appeal¹³. Therefore, by limiting third-party appeal rights in these areas, anti-competitive objections will not impact the development of commercial projects. The BFO planning control will support the development of up to 60 ACs¹⁴¹⁵ as part of the Train and Tram Zone Activity Centres Program, and delivery of up to 300,000 new homes (often in mixed-used developments) around Melbourne's transport and economic hubs by 2051¹⁶. The Train and Tram Zone Activity Centres Program is proceeding via stages:				

¹⁰ <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S066.pdf>

¹¹ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC257?schemeCode=alpi>

¹² <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/43.06> Clause 43.06-10 in the Victoria Planning Provision

¹³ https://stfpbsprodapp01.blob.core.windows.net/amendmentfiles/43.06%20Built%20Form%20Overlay_0b4afc29-6cd0-ee11-9079-0022489330ee_d9b2e28a-3720-4167-8627-73d6c5307aad.pdf, pg. 15 Exemption from notice and review

¹⁴ https://www.planning.vic.gov.au/_data/assets/pdf_file/0033/739473/Final-Plan-for-Victoria-For-Web.pdf

¹⁵ <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/train-and-tram-zone-activity-centres>

¹⁶ <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/train-and-tram-zone-activity-centres/about-the-program>

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		10 ACs were approved and gazetted as part of the Pilot Program^{17,18}, which should support the delivery of up to 60,000 new dwellings in higher density mixed use zones close to public transport, jobs and services. 25 additional ACs have been approved by the Minister for Planning as part of the Stage 1: Expansion program¹⁹. Amendment GC270²⁰ was gazetted on 31/03/2026²¹. 23 additional ACs have been approved by the Minister for Planning as part of the Stage 2: expansion program²². Amendment GC285²³ was gazetted on 22 July 2026²⁴. 2 further ACs in inner Melbourne, covering the City of Melbourne and the City of Yarra have now been finalised²⁵.				
Project 2: Remove anti-competitive considerations from planning, rezoning and	2. State and Territory Parties implement reforms to	Attachment C (see C2.1-2.5) outlines progress made toward the Performance Requirements for Project 2 consistent with Guidelines 2.1(a)-2.1(e) , prior to signing the FFA schedule. See Reform 2.1 below for demonstration of additional material progress.	2025-26	\$11.994m for reforms completed prior to 29/11/2024 upon delivery of	2026-27	

¹⁷ <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/train-and-tram-zone-activity-centres/activity-centres-pilot-program>

¹⁸ <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S171.pdf>

¹⁹ <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/train-and-tram-zone-activity-centres/stage-1-expanded-program>

²⁰ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/GC270?schemeCode=bany>

²¹ <https://www.gazette.vic.gov.au/gazette/Gazettes2026/GG2026S172.pdf>

²² <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/train-and-tram-zone-activity-centres/stage-2-expanded-program>

²³ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/GC285?schemeCode=boro>

²⁴ <https://www.gazette.vic.gov.au/gazette/Gazettes2026/GG2026S410.pdf>

²⁵ <https://www.premier.vic.gov.au/all-train-and-tram-zones-now-locked>

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development processes	remove anti-competitive elements from their respective planning, rezoning and development processes in local government areas.			'material additional progress' per Clause 39 of the NCP FFA Schedule. ²⁶		
Project 3: In development control instruments, increase the number of purposes for which land can be used	2. State and Territory Parties in their respective development control instruments implement reforms to increase the number of	Attachment C (see C3.1-3.2b) outlines progress made toward the Performance Requirements for Project 3 consistent with Guidelines 3.1-3.4 , prior to signing the FFA schedule. See Reforms 3.1-3.2 for demonstration of additional material progress.	2025-26	\$16.416m for reforms completed prior to 29/11/2024 upon delivery of 'material additional progress' per Clause 39 of the	2026-27	

²⁶ Reforms considered 'material additional progress' per Clause 39 of the NCP FFA Schedule include: (1) Applying the Built Form Overlay (BFO) to 35 Activity Centres [Reforms 1.2 and 4.6], (2) Applying the Housing Choice and Transport Zone (HTCZ) to 35 Activity Centres [Reform 3.2], (3) Reforming the requirements for statewide parking rates [Reform 4.9], (4) Permanently exempting licensed premises from the planning permit process [Reform 4.4], (5) the Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025 [Reform 4.5], and (6) Expansion of the Development Facilitation Program (DFP) to include the Unlocking Strategic Sites Pathway [Reform 4.8].

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	commercial purposes for which land can be used in local government areas.			NCP FFA Schedule. ²⁷		
Project 3: In development control instruments, increase the number of purposes for which land can be used	2. State and Territory Parties in their respective development control instruments implement reforms to increase the number of commercial purposes for which land can be used in local	Reform 3.1: Permanent exemptions for outdoor dining Consistent with Guideline 3.3(b) , as part of the <i>Economic Growth Statement</i> ²⁸ Victoria has permanently removed the need for a planning permit for outdoor dining on public land across all local council areas. Amendments to clause 62.03 of the <i>Victorian Planning Provisions</i> ²⁹ gazetted on 27 June 2025 ³⁰ amended all local planning schemes to permanently exempt the use and development of outdoor dining on public land (e.g. footpaths and roadways) from planning permit requirements where the use is associated with an adjoining, existing authorised dining facility and the use of the public land is authorised by the public land manager (typically the local council).	27/06/2025	\$0.675m	2026-27	

²⁷ Reforms considered 'material additional progress' per Clause 39 of the NCP FFA Schedule include: (1) Applying the Built Form Overlay (BFO) to 35 Activity Centres [Reforms 1.2 and 4.6], (2) Applying the Housing Choice and Transport Zone (HTCZ) to 35 Activity Centres [Reform 3.2], (3) Reforming the requirements for statewide parking rates [Reform 4.9], (4) Permanently exempting licensed premises from the planning permit process [Reform 4.4], (5) the Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025 [Reform 4.5], and (6) Expansion of the Development Facilitation Program (DFP) to include the Unlocking Strategic Sites Pathway [Reform 4.8].

²⁸ <https://www.vic.gov.au/sites/default/files/2024-12/Economic-Growth-Statement.pdf>

²⁹ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/62.03>

³⁰ <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S326.pdf>

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	government areas.					
Project 3: In development control instruments, increase the number of purposes for which land can be used	2. State and Territory Parties in their respective development control instruments implement reforms to increase the number of commercial purposes for which land can be used in local government areas.	Reform 3.2: New Housing Choice and Transport Zone (HCTZ) to support the Train and Tram Zone Activity Centres Program As noted in Reform 1.3 , Victoria has introduced new planning controls such as the Housing Choice and Transport Zone (HCTZ) ³¹³² to support the delivery of the Train and Tram Zone Activity Centres Program. The HCTZ allows for a mix of residential, retail, commercial and other non-residential uses to serve local community needs, and was developed to support Victoria's Activity Centre (AC) Program. Areas in and around designated ACs will be rezoned to HCTZ, with the intention to apply this to up to 60 sites across Melbourne, selected for their public transport connections. Consistent with Guideline 3.4(a) this rezoning will have the effect of increasing the number of permissible uses for land within ACs, and encourage developments featuring a mix of commercial, retail and residential on one site. The HCTZ was established on 25 February 2025 ³³ through the gazettal of Amendment VC257 ³⁴ to the Victoria Planning Provisions (VPP) and all planning schemes in Victoria.	31/03/2026 when the HCTZ applies to 35 Activity Centres	\$0.900m	2026-27	
Project 4: Streamline criteria and processes for development	2. State and Territory Parties implement	Attachment C (see C4.1-4.2) outlines progress made toward the Performance Requirements for Project 3 consistent with Guidelines	2025-26	\$7.421m for reforms completed prior to 29/11/2024	2026-27	

³¹ <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/train-and-tram-zone-activity-centres/about-our-plans>, see subsection "New planning tools"

³² <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/32.10>

³³ <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S066.pdf>

³⁴ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC257?schemeCode=alpi>

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assessment and rezoning	reforms to streamline their respective criteria and processes for commercial development assessment and rezoning in local government areas.	4.3-4.4 , prior to signing the FFA schedule. See Reforms 4.1-4.9 for demonstration of additional material progress.		upon delivery of 'material additional progress' per Clause 39 of the NCP FFA Schedule. ³⁵		
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline their respective criteria and processes for commercial	Reform 4.1: Restrictive covenants in planning permit applications Consistent with Guideline 4.1 , section 105(4) of the PABDMF Act (see Reform 1.1) amends section 61(4) of the PE Act to remove the existing requirement on councils to refuse planning permits if they contravene a 'restrictive covenant' (legal tools that restrict uses or development on a lot ³⁶). This has previously led to planning decisions not linked to clear and specific objectives, or that are not based on the matters which responsible authorities must consider when reviewing an application, as outlined in section 60(1) of the PE Act. These include matters such as the relevant planning scheme and any	By 17/02/2026	\$0.675m	2026-27	

³⁵ Reforms considered 'material additional progress' per Clause 39 of the NCP FFA Schedule include: (1) Applying the Built Form Overlay (BFO) to 35 Activity Centres [Reforms 1.2 and 4.6], (2) Applying the Housing Choice and Transport Zone (HTCZ) to 35 Activity Centres [Reform 3.2], (3) Reforming the requirements for statewide parking rates [Reform 4.9], (4) Permanently exempting licensed premises from the planning permit process [Reform 4.4], (5) the Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025 [Reform 4.5], and (6) Expansion of the Development Facilitation Program (DFP) to include the Unlocking Strategic Sites Pathway [Reform 4.8].

³⁶ <https://www.planning.vic.gov.au/guides-and-resources/guides/all-guides/restrictive-covenants>

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	development assessment and rezoning in local government areas.	input from referral authorities (water, gas and electricity suppliers). These amendments will enable planning outcomes to more closely reflect state planning objectives outlined in section 4 of the PE Act, although individuals will still be able to enforce restrictive covenants privately. In practice, planning permit applications will be able to be used to remove or vary restrictive covenants in a broader array of circumstances, substantially reducing the time and cost of proceeding with developments in circumstances where restrictive covenants are applicable. While no single, publicly available central database of all restrictive covenants in Victoria exists, the number of restrictive covenants registered on individual land titles is estimated to be hundreds of thousands across Victoria³⁷. The PABDMF Act received royal assent on 17 February 2026³⁸, with a default commencement date of 29 October 2027.				
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline their respective criteria and	Reform 4.2: Simplifying planning scheme amendments Consistent with Guideline 4.4a, Part 3 of the PABDMF Act (see Reform 1.1) amends the PE Act to reduce the complexity, time, and cost of rezoning via planning scheme amendments (which takes 433 business days on average from authorisation to approval). Section 28 of the PABDMF Act introduces a revised section 16N of the PE Act which categorises potential amendments according to impact (low, medium, high) based on risk and complexity. The low and medium categories will remove the need for planning panel consideration of	By 29/10/2027	\$1.102m	2028-29	

³⁷ <https://www.theage.com.au/national/victoria/the-suburbs-ringfenced-from-development-and-why-that-s-about-to-change-20251204-p5nkrv.html>

³⁸ <https://content.legislation.vic.gov.au/sites/default/files/2026-02/26-003aa-authorized.pdf>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
	processes for commercial development assessment and rezoning in local government areas.	amendment, including public hearings. These reforms are expected to speed up amendments by up to 12 months. This will enable faster and more certain changes to planning schemes to enable more productive uses of commercial land³⁹. The PABDMF Act received royal assent on 17 February 2026⁴⁰, with a default commencement date of 29 October 2027				
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline their respective criteria and processes for commercial development assessment and rezoning in local government areas.	Reform 4.3: Fast, streamlined risk-based assessment tracks. Consistent with Guidelines 4.4a and 4.4b, Part 5 of the PABDMF Act (see Reform 1.1) amends the PE Act to introduce three types for planning permit applications (see Reform 1.1) based on risk and complexity (low, medium, high). Type 1 applications (which will replace the current VicSmart pathway) are intended for low risk/complexity applications or low impact, small scale developments, such as single dwellings and minor subdivisions. These applications are not subject to public notice requirements or objections and will be deemed to be approved if not determined within the prescribed time limit (which is proposed to be 10 business days). The PABDMF Act received royal assent on 17 February 2026⁴¹, with a default commencement date of 29 October 2027.	By 29/10/2027	\$1.102m	2028-29	

³⁹ <https://www.theage.com.au/national/victoria/the-suburbs-ringfenced-from-development-and-why-that-s-about-to-change-20251204-p5nkrv.html>

⁴⁰ <https://content.legislation.vic.gov.au/sites/default/files/2026-02/26-003aa-authorized.pdf>

⁴¹ <https://content.legislation.vic.gov.au/sites/default/files/2026-02/26-003aa-authorized.pdf>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline their respective criteria and processes for commercial development assessment and rezoning in local government areas.	Reform 4.4: Permanent exemption for licensed premises from planning permit processes Consistent with Guideline 4.2 , as part of the <i>Economic Growth Statement</i> ⁴² Victoria has removed the need for a planning permit for licensed premises through the revocation of clause 52.27 (Licensed Premises) of the Victoria Planning Provisions ⁴³ . Previously, licensed businesses had to undertake processes for consultation and amenity management, through the liquor licensing system and the planning system when making new or amended licensed premises proposals. Now, these processes will occur only once under the liquor licensing system with no consideration under the planning permit process. These reforms are expected to apply to around 14,000 businesses, saving them up to \$7,000 ⁴⁴ . Clause 52.27 was revoked through Amendment VC286 ⁴⁵ to the Victoria Planning Provisions and all planning schemes in Victoria, which was <u>gazetted on 01/07/2025</u> ⁴⁶ .	01/07/2025	\$1.687m	2026-27	
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline	Reform 4.5: The Consumer & Planning Legislation Amendment (Housing Statement Reform) Act 2025 (CPLAHSR Act) <u>Background</u>	18/03/2025	\$1.102m	2026-27	

⁴² <https://www.vic.gov.au/sites/default/files/2024-12/Economic-Growth-Statement.pdf>

⁴³ <https://www.planning.vic.gov.au/guides-and-resources/guides/all-guides/licensed-premises>

⁴⁴ <https://www.premier.vic.gov.au/cutting-red-tape-and-making-it-easier-do-business>

⁴⁵ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC286?schemeCode=alpi>

⁴⁶ <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S340.pdf>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
	their respective criteria and processes for commercial development assessment and rezoning in local government areas.	In alignment with Guidelines 4.4a and 4.4b the CPLAHSR Act⁴⁷ amended the PE Act to change planning scheme amendment (rezoning) processes, Ministerial powers and call-ins, the processing of planning permit applications and the procedures of the Victorian Civil and Administrative Tribunal (VCAT). The CPLAHSR Act should be read alongside the subsequent <i>Planning Amendment (Better Decisions Made Faster) Act 2026</i> (see Reforms 1.1 and 1.4). <u>Implementation approach for Performance Requirements</u> Among other things the CPLAHSR Act: - Created a formal pathway for proponent-led amendments to a planning scheme, consistent with Guidelines 4.4a and 4.4b. Section 125 of the CPLAHSR Act inserts new sections 16A to 16E into the PE Act. These amendments allow the Minister to direct the council to make a decision within a specified time (not being less than six weeks) and councils will be required to provide written notice of its decision on whether or not to prepare an amendment and must give reasons if it decides to refuse the request. This formalises what was previously an informal process, creating consistency, transparency and accountability for proponent-initiated rezoning requests across all councils. - Strengthened the Minister for Planning's ability to intervene where a council stalls or abandons a planning scheme amendment, preventing proponent-led amendments from				

⁴⁷ <https://www.legislation.vic.gov.au/as-made/acts/consumer-and-planning-legislation-amendment-housing-statement-reform-act-2025>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
		being effectively vetoed through inaction. Consistent with Guidelines 4.4a and 4.4b, amendments contained in section 129 of the CPLAHSR Act will allow the Minister to elect to continue a planning scheme amendment that has been abandoned by the planning authority where it is considered that the amendment is warranted, i.e. it is low risk and compliant with planning policies and requirements. Under these circumstances the Minister becomes the planning authority for the remainder of the process, ensuring a fast, streamlined assessment pathway. Additionally, section 129 of the CPLAHSR Act inserts a new section 16L into the PE Act, which enables the Minister to authorise other Ministers or public authorities to prepare amendments. The authorisation in this case may be issued subject to conditions including the giving of notice. This provision will enable bodies such as Melbourne Water to prepare amendments across multiple municipalities without needing to first get Council support. The <i>Consumer & Planning Legislation Amendment Act 2025</i> received royal assent on <u>18 March 2025</u>⁴⁸.				
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline	Reform 4.6: Built Form Overlay (BFO) to support the Train and Tram Zone Activity Centres Program (TTZACP) The BFO applies specific design and built form requirements to developments in the core of Activity Centres (ACs) and in renewal precincts which feature a mix of commercial, retail and residential	31/03/2026 when the BFO applies to 35 Activity Centres	\$1.102m	2026-27	

⁴⁸ <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S108.pdf>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
	their respective criteria and processes for commercial development assessment and rezoning in local government areas.	zones (see Reforms 1.3 and 3.2). The BFO provides a streamlined approval pathway for developments which are 'deemed to comply' with built form standards. Under a BFO, a planning permit application that satisfies the pre-set design and built form standards (such as height, setbacks, and building design) cannot be refused by the responsible authority on the basis of those standards having been met. Consistent with Guidelines 4.4a and 4.4b, the BFO also ensures fast, streamlined assessments for planning permit applications that align with the objectives (i.e. promoting greater density housing and mixed-use developments). Under the BFO, planning permit applications that satisfy the design and built form standards (and are deemed to comply with relevant controls) are exempt from all notice and appeal provisions in the planning scheme (with some limited exceptions for local schedules to the overlay). This helps ensure faster, more streamlined assessment of proposals that are aligned with local policies and planning schemes. The BFO was established on <u>25/02/2025</u>⁴⁹ through the gazettal of Amendment VC257⁵⁰ to the VPP and all planning schemes in Victoria.				
Project 4: Streamline criteria and processes for development	2. State and Territory Parties implement reforms to	Reform 4.7: Limiting necessary assessment requirements and criteria for planning permit applications <u>Background</u>	By 29/10/2027	\$1.349m	2028-29	

⁴⁹ <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S066.pdf>

⁵⁰ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC257?schemeCode=alpi>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
assessment and rezoning	streamline their respective criteria and processes for commercial development assessment and rezoning in local government areas.	Section 60 of the PE Act currently requires a responsible authority to consider (among other things) the relevant planning scheme when assessing a permit application. This implies that consideration must be given to <i>all</i> criteria (i.e. clauses) specified in the planning policy framework within the relevant planning scheme. Given the broad range of matters covered in a local planning scheme (e.g. heritage conservation, native vegetation management, noise management etc.) most criteria in a local planning policy framework will not be relevant to a specific application, and in practice will not be considered by the relevant authority in their assessment. However, the current wording, allows for a number of grounds that <i>could</i> be argued if the issue of a permit is challenged. While operational policies and experience are used to mitigate challenge risks in practice, the lack of clear linkages between assessment criteria and permit types and classes is a cause of delays in decision making and increases the risk of challenge and uncertainty for the applicant. <u>Implementation approach for Performance Requirements</u> Consistent with Guideline 4.1, section 104 of the PABDMF Act addresses the issues noted above by amending section 60 of the PE Act. The amendments mean that where planning schemes specify clauses relevant to different classes of type 2 or 3 planning permit applications (e.g. demolition, change of use), only those in the planning scheme will be considered when reviewing the application.				

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
		Future amendments to the Victoria Planning Provisions can then be used to link standard clauses in the VPP with clear regulatory objectives to planning permit application classes and types and apply them consistently to all local planning schemes. This will ensure that that only those criteria in those linked clauses will be considered relevant and applicable. This will ensure that the responsible authority need only consider relevant clauses in a planning scheme when considering a type 2 or type 3 planning permit application, rather than the entire planning scheme. This will simplify the assessment process for type 2 and type 3 planning permits (medium to high complexity and risk) are expected to account for over 50 per cent of applications within four years of the streams commencing (see Reform 1.1). The <i>Planning Amendment (Better Decisions Made Faster) Act 2026</i> received royal assent on <u>17/02/2026</u>⁵¹.				
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline their respective criteria and	Reform 4.8: Expansion of the Development Facilitation Program (DFP) to include the Unlocking Strategic Sites Pathway <u>Background</u> In September 2025 the DFP was expanded to include the new Unlocking Strategic Sites Pathway⁵². This program identifies opportunities for repurposing and redevelopment of land, including	02/09/2025	\$1.102m	2026-27	

⁵¹ <https://www.gazette.vic.gov.au/gazette/Gazettes2026/GG2026S087.pdf>

⁵² <https://www.planning.vic.gov.au/planning-approvals/planning-enquiries-and-requests/development-facilitation-program/unlocking-strategic-sites>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
	processes for commercial development assessment and rezoning in local government areas.	former industrial or institutional sites, as well as golf courses, racing tracks, and surplus university-owned land. The new pathway is a key initiative of the Victorian Economic Growth Statement⁵³ and complements existing DFP pathways by providing an additional assessment stream for planning scheme amendments that make a positive contribution towards the delivery of strategically important land for new housing and employment. <u>Implementation approach for Performance Requirements</u> This reform aligns with the Guideline 4.4a and 4.4b by streamlining the rezoning process by allowing the Minister for Planning (the Minister) to become the planning authority and initiate planning scheme amendments for matters that, in the opinion of the Minister, are of state or regional significance; or have been unreasonably delayed in the planning system. Under this streamlined approach, projects will be assessed against criteria focused on scale, complexity and delivery confidence. The criteria includes, amongst other things, that sites must align with state, regional and local planning policy and include the delivery of public benefits such as affordable housing and infrastructure contributions. 19 projects were accepted into the Unlocking Strategic Sites Pathway following the most recent expression of interest process. The projects allow for the development of a mix of retail, commercial, office and residential delivering 11,000 dwellings, 9,000 ongoing jobs across				

⁵³ <https://www.vic.gov.au/sites/default/files/2024-12/Economic-Growth-Statement.pdf>, pg. 21

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
		Victoria. They have been split into two tranches, with Tranche 1 containing 7 proposals and Tranche 2 containing 12.				
Project 4: Streamline criteria and processes for development assessment and rezoning	2. State and Territory Parties implement reforms to streamline their respective criteria and processes for commercial development assessment and rezoning in local government areas.	Reform 4.9: Reforms to statewide car parking rates that apply to commercial and industrial development <u>Background</u> Changes to Clause 52.06 (Car Parking) of the Victoria Planning Provisions⁵⁴ were made through Amendment VC277⁵⁵, which came into effect with gazettal on 18 December 2025. The amendment applies to all planning schemes, and updates car parking requirements across Victoria to better align parking supply with access to public transport. Previously in Victoria minimum rates for car parking spaces were required, depending on the use of the land. If the minimum rate was not provided on site a planning permit was required to either reduce the rate or waive the rate. This had the effect of requiring many uses establishing in commercial areas being 'as of right', but having to apply for a planning permit for car parking if they could not provide the required rates. The local council would be required to assess the proposal's compliance with car parking requirements and such permit applications could be objected to and appealed adding cost and time to business.	18/12/2025	\$1.349m	2026-27	

⁵⁴ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/52.06>

⁵⁵ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/amendments/VC277>

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
		In many cases, these car parking requirements were outdated, arbitrary and not tied to clear regulatory or policy objectives, while imposing significant costs: • Businesses deviating from these minimum parking requirements by either providing fewer than the minimum number or by locating the required spaces elsewhere would have to make a planning permit application. • Off-street parking requirements for apartment buildings led to underutilised parking that added around \$62,000⁵⁶ to the average cost of an apartment in Melbourne. <u>Implementation approach for Performance Requirements</u> Consistent with Guideline 4.1 these changes align Victoria's car parking requirements with accessibility to the transport system, linking car parking requirements with clear regulatory and policy objectives such as: • better align car parking requirements with public transport accessibility • reduce unnecessary oversupply of parking in well-served locations • support more efficient land use and urban consolidation				

⁵⁶ <https://grattan.edu.au/wp-content/uploads/2026/05/Grattan-Institute-2026-Wasted-Space-Report.pdf>, pg. 3

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
		- reducing congestion. The reforms announced assign car parking rates based on both land use and on the level of public transport accessibility in an area - the better serviced by public transport an area is, the less parking is required. As a result, most car parking rates across Victoria have been reduced, particularly in areas with good public transport connectivity such as commercial centres. For example, a supermarket use in an activity centre was previously required to provide a minimum of 5 parking spaces for each 100 square metres of leasable floor area regardless of its location. After these reforms, for a new supermarket there is now no minimum car parking requirement in locations with good to very good public transport access. In addition, there is now a set maximum requirement of 2.5 or 1.25 spaces for each 100 square metres of leasable floor area that can only be exceeded with a planning permit in locations with good to very good public transport access. These reforms reduce costs and speedup decision making in commercial locations by: - Removing the need for a planning permit to reduce the required number of car parking spaces for a new use in an existing building in commercial zones. - Setting the minimum car parking requirement at zero for uses such as food and drink premises, offices, shops, supermarkets, warehousing, and Industrial uses, and established lower				

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Table 2: Performance requirements		Delivery Mechanism				
Output	Performance Milestones	Implementation approach	Delivery date	Payment amount (\$m)	Payment year	Dependencies
		maximum rates that cannot be exceeded without a planning permit in areas with high public transport accessibility.				

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The Parties have confirmed their commitment to this schedule as follows:

Signed *for and on behalf of the Commonwealth
of Australia by*


The Honourable Dr Jim Chalmers MP
Treasurer

24 September 2026

Signed *for and on behalf of the
State of Victoria by*


The Honourable Colin Brooks MP
Treasurer

8/10/2026

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Attachments C: Past progress made toward the Performance Requirements prior to Victoria signing the FFA schedule

Reform: Liberalise and standardise commercial zoning rules and review planning requirements to ensure they do not distort competition

Prior to signing the National Competition Policy Federation Funding Agreement in 2024, Victoria had implemented a range of commercial planning and zoning reforms that to deliver the performance requirements associated with the National Competition Policy reforms to commercial zoning and planning. Previous reforms to Victoria's commercial planning and zoning laws, regulations and processes have been effective in promoting competition, streamlining regulations and reducing barriers to entry for businesses. Victoria's approach to encouraging flexibility and competitiveness in its planning system was highlighted by the Productivity Commission in 2020 and 2021.

The information below details how previous Victorian actions satisfy the performance requirements, liberalising and standardising commercial zoning rules and reviewing planning requirements to ensure they do not distort competition and provides evidence to demonstrate this (e.g. relevant legislation, including relevant clauses/sections).

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Project 1: Implement measures to limit anticompetitive objections to development rezoning

While Victoria has historically had wide-ranging third-party appeal rights^{57,58}, Victoria's planning system has also recognised the issue of anti-competitive objections and third-party appeal rights. Noting reforms implemented and committed to (**Reforms 1.1** and **1.2**) that substantially acquit the performance requirements for Project 1, the sections below detail past progress made towards the performance requirements of Project 1.

C1.1 (Guideline 1.1): Limit third party appeals to issues that were subject to development assessment consideration.

Consistent with the proposed output of Project 1 and intent of **Guideline 1.1**, powers introduced by amendments to the PE Act contained in sections 14(2) and 26(1) of the *Planning and Environment (Amendment) Act 1993*⁵⁹ served to limit and deter anti-competitive objections to development that are not in public interest. Section 57(2A) of the PE Act expressly empowers responsible authorities to reject objections where the objector seeks to secure or maintain a direct or indirect commercial advantage. In such circumstances, the objector will be taken not to have made an objection. Further, the PE Act goes beyond limiting nuisance or anticompetitive objections by providing for potential sanctions should they arise. For example, section 150(4) of the PE Act allows VCAT to make an order for damages and costs against persons that have brought a proceeding (or sponsored the bringing of proceedings), where "the proceedings have been brought vexatiously or frivolously or primarily to secure or maintain a direct or indirect commercial advantage" and those proceedings have caused other people loss or damage.

C1.2 (Variation from Guideline 1.1b): Require third party appeals processes to clearly identify appellants and their grounds for appeal. The grounds for appeal should be framed with respect to the public interest

Consistent with **Guideline 1(b)**, VCAT's procedures⁶⁰ require appellants seeking review of a decision to grant a planning permit under section 82 (appeals by objectors to a planning permit) of the PE Act to provide their name and contact details and to fill out a "Statement of Grounds", outlining the reasons for their seeking review. Section 57(2) of the PE Act also requires that objectors must specify the grounds for their complaint. Further, section 57(1) of the PE Act requires that the objector's interests must be affected by the grant of a permit in order to object to that grant. This imposes restrictions on standing at VCAT and ensures that their private interests can be considered both by the responsible authority and, if necessary, by VCAT.

It is important to recognise that the PE Act does not impose a public interest test on third party appeals in relation to planning matters as this would undermine a key function of objections, which is to ensure people whose private interests are affected by land development can be heard in the planning process. This reflects that courts and tribunals do not generally permit cases to be run on public interest grounds. Generally speaking, the typical legal test for whether a person has standing is whether that person's interests are affected (see for example section 83B of the PE Act). This test is based on longstanding common law principles (see *Australian Conservation*

⁵⁷ <https://assets.pc.gov.au/inquiries/completed/regulation-benchmarking-planning/report/planning-volume1.pdf>

⁵⁸ https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Positioning_Paper_No145_Resident-third-party-objections-and-appeals-against-planning-applications.pdf

⁵⁹ https://austlii.edu.au/au/legis/vic/hist_act/paea1993334.pdf

⁶⁰ <https://www.vcat.vic.gov.au/case-types/planning/apply-planning/review-planning-decision-objector>

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Foundation v Commonwealth [1980] HCA 53⁶¹) which aim to minimise unnecessary litigation by people who would not actually be detrimentally affected by a planning decision. Scrapping the restrictions that courts have long imposed (and which are reflected in Victorian planning legislation) that a person's own interests must be affected by a planning decision and instead having the basis on which third party appeal rights operate being 'in the public interest' is likely to have the effect of increasing litigation and delays in planning matters. From Victoria's perspective, this would be detrimental.

Furthermore, without third party appeal rights regarding their own personal interests, the planning system would operate unfairly to those with legitimate interests, such as neighbouring landowners. Limiting third party appeals to the grounds of public interest where the applicant's appeal rights remain unchanged undermines equity and procedural fairness. In effect, this would have the effect of promoting the private interests of one party, such as a property developer, above those of another such as a neighbour, while also allowing people who are not detrimentally affected by a planning decision to object and appeal. In turn, this would undermine key objectives of the PE Act in section 4(1) to provide for the fair, orderly, economic and sustainable use, and development of land, as well as to secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria. To allow appeals only where it was in the public interest to do so (but not in a private interest) would mean, for example, that a person whose backyard would be overshadowed and overlooked by a commercial development such as an office tower would not have grounds to appeal any decision of the responsible authority in relation to that overshadowing or overlooking, as this would be a private right, not a public right.⁶² However, a well-funded group opposed to development in a particular area *would* be able to object, despite those objectors not actually suffering loss or damage.

Finally, third party appeal rights for private interests serve an important role in maintaining transparency and integrity in planning processes. Fundamentally, third party appeals offer a recourse to an independent review body, which can safeguard private interests against inconsistent or improper decision-making. However, this also provides independent review and scrutiny of decision-making and encouraging more transparent processes and accountability when decision-makers know they can be challenged. This is particularly important in the planning system, where applicants such as sophisticated developers with significant private interests at stake may face incentives to exercise improper influence on decision-makers, to the detriment of third parties. Without appeal rights to check or inhibit this, planning processes may become compromised, undermining the objectives of the planning system.

Therefore, in varying from **Guideline 1.1(b)** and allowing for proper consideration of competing private interests, by keeping third-party appeal rights narrowly focused on personal interests (rather than establishing a broader public interest test), the Victorian planning policy creates a larger public benefit by ensuring procedural fairness, transparency and integrity in the planning system, and avoids unnecessary delays by people who have no personal interest in the matter pursuing third-party appeal rights.

⁶¹ <https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/cth/HCA/1980/53.html>

⁶² Ibid. See *Australian Conservation Foundation v Commonwealth* [1980] HCA 53 for an extended discussion of the distinction between private and public rights, and their role in providing standing in litigation.

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Project 2: Remove anticompetitive considerations from planning, rezoning and development applications

Victoria's planning system largely excluded competition-related considerations from planning rezoning and development assessments, prior to the signing of the FFA on 29 November 2024. Victoria's planning system is not designed to protect existing businesses from competition, and the framework expressly excludes commercial competition as a valid planning ground for opposing a planning permit application.

C2.1 (Guideline 2.1(a)): Remove the impact on viability of existing businesses (including loss of trade) from planning, rezoning or development assessment processes, control instruments and decisions

In line with **Guidelines 2.1a**, the impact on the viability of existing businesses is not considered when assessing a planning permit application. The process for planning permit approvals only allows the responsible authority (generally the council) and VCAT to only consider issues relevant to the reason a planning permit is required. Section 60(1) of the PE Act outlines matters a responsible authority must consider, including:

- a. the relevant planning scheme; and
- b. the objectives of planning in Victoria; and
- c. all objections and other submissions which it has received and which have not been withdrawn; and
- d. any decision and comments of a referral authority which it has received; and
- e. any significant effects which the responsible authority considers the use or development may have on the environment or which the responsible authority considers the environment may have on the use or development; and
- f. any significant social effects and economic effects which the responsible authority considers the use or development may have.

In addition, section 60(1A) of the PE Act lists several other matters which the responsible authority may consider, if relevant to the application. The impact on the trade or revenue of a competing business is not listed in either section 60(1) or section 60(1A) of the PE Act as a relevant consideration. Nor is this a relevant consideration in the planning policy framework in clause 10 of the VPP⁶³ which provides strategic guidance on planning decisions⁶⁴. Viability is thus not a relevant consideration of the responsible authority in determining whether to grant or refuse a planning permit. Were a responsible authority to do so, it may open their decision up to legal challenge on the basis of precedents in prior cases indicating that this is an irrelevant consideration that should not be taken into account, even though this is not explicitly mentioned in the relevant legislation.⁶⁵ Accordingly, local governments in Victoria advise potential objectors that they will not consider submissions solely seeking commercial advantage- see for example this guidance provided by Stonnington Council⁶⁶.

⁶³ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/10>

⁶⁴ Where viability is mentioned in [the planning policy framework](#) it refers to existing activity centres in the context of broader urban strategic plans, rather than assessment of individual permit applications.

⁶⁵ *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675, 687 (Stephen J)

⁶⁶ <https://www.stonnington.vic.gov.au/Planning-and-building/Planning/For-objectors/Objecting-to-a-planning-application>

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When considering rezoning or planning scheme amendments planning officers are guided by the Strategic Assessment Guidelines⁶⁷, which states that where applicable the relevant authority may consider the broader “vitality and viability of existing agriculture, industry, tourism and commercial or retail activity in surrounding area”. However, this is not intended to allow for the consideration or protection of individual businesses’ commercial interests, which is not a valid planning consideration. Rather, this is intended to allow for strategic consideration of larger economic impacts associated with changes in land use from the application of new overlays or rezoning, such as the impacts that a loss of industrial land or residential encroachment upon high-impact industrial areas may have on existing industries and local employment.

The impact on the viability of existing businesses from competition is not a relevant consideration- this interpretation and application of planning policy and planning instruments to both planning permit approvals and rezoning is informed not just by the PE Act and official guidance^{68,69} but also by the body of case law and established legal precedents. Notably, in *Kentucky Fried Chicken Pty Ltd v Gantidis* Justice Stephen stated that the ‘mere threat of competition to existing businesses, if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development proceeded with, will not be a relevant town planning consideration’⁷⁰.

C2.2 (Guideline 2.1(b)): Remove the commercial viability of proposed development from planning, rezoning or development assessment processes, control instruments and decisions

Consistent with **Guideline 2.1(b)** the commercial or financial viability of a proposed development is **not** a relevant planning consideration in Victoria for planning, rezoning or development approval processes and never has been under the PE Act, which came into complete effect on 16 February 1988. There is no provision in the PE Act, the Victoria Planning Provisions, the strategic assessment guidelines⁷¹ (used when assessing planning scheme amendments) or any Ministerial Direction (specifically Ministerial Direction No. 11)⁷² that requires a responsible authority or VCAT to assess whether a proposed use is financially viable. Factors the responsible authority must consider when assessing a planning permit are outlined in section 60(1) of the PE Act and listed above in the response to **Guideline 2.1(a)**.

C2.3 (Guideline 2.1(c)): Remove the competition between individual businesses from planning, rezoning or development assessment processes, control instruments and decisions

Consistent with **Guideline 2.1(c)**, protection of individual businesses from competition has never been a recognised planning consideration in Victoria under the planning framework introduced by the PE Act. There is no provision in the PE Act, the Victoria Planning Provisions, the strategic assessment guidelines⁷³ (used when assessing planning scheme amendments) or any Ministerial Direction requiring a responsible authority to consider competition between individual businesses as part of planning, rezoning or planning permit application processes.

⁶⁷ https://www.planning.vic.gov.au/_data/assets/pdf_file/0039/759468/PPN46-Strategic-Assessment-Guidelines-April-2026.pdf (pg. 3)

⁶⁸ Ministerial Direction No.11 <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S473.pdf>

⁶⁹ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/10>

⁷⁰ *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675, 687 (Stephen J), https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/cth/HCA/1979/20.html?context=1;query=gantidis;mask_path=au/cases/cth/HCA

⁷¹ <https://www.planning.vic.gov.au/guides-and-resources/guides/planning-practice-notes/strategic-assessment-guidelines>

⁷² <https://www.gazette.vic.gov.au/gazette/Gazettes2025/GG2025S473.pdf>

⁷³ <https://www.planning.vic.gov.au/guides-and-resources/guides/planning-practice-notes/strategic-assessment-guidelines>
https://www.planning.vic.gov.au/_data/assets/pdf_file/0039/759468/PPN46-Strategic-Assessment-Guidelines-September-2025.pdf

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Section 60 of the PE Act lists the matters a responsible authority *must* consider when assessing a planning permit application (see **Reform C2.1** above), which do not include competition between individual businesses. Indeed, provisions in the PE Act seek to prevent the weaponisation of the planning system for anticompetitive purposes when considering planning permits: section 57(2A) allows a decision maker to reject an objection and section 150(4) specifies that VCAT can direct that a party pay compensation if a proceeding has been brought to secure or maintain commercial advantage.

C2.4 (Guideline 2.1(d)): Remove restrictions on numbers of types of retail stores from planning, rezoning or development assessment processes, control instruments and decisions

Consistent with **Guideline 2.1(d)** there are no control instruments within the Victorian planning system which directly restricts the number of retail businesses of a given type in a given area. However, the Victorian Planning Provisions can restrict the type of retail stores that can operate within a zone, as specified in each zone's tables of uses⁷⁴, and in some cases the location of certain retail types within a zone. For example, supermarkets in Commercial 2 Zone⁷⁵ must be located next to adequate road infrastructure. While this is done for traffic management purposes, this can have the indirect effect of limiting the number of supermarkets within a given area, given a limited supply of suitable sites meeting these requirements.

Prior to reforms in 2013, planning policy imposed maximum leasable floor area restrictions on particular retail uses within the (then) five business zones. These caps functioned as a barrier to entry for larger entrants such as supermarkets and large format retailers, restricting the scale at which certain retailers could operate and indirectly limiting the number of businesses that could operate in a given area. The zoning reforms of 2013 merged the five business zones into two broad commercial zones. Within these commercial zones floorspace caps were abolished and a broad range of retail types (including supermarkets) became permitted as-of-right. The Productivity Commission found that these reforms "increased the availability of suitable sites and reduced set-up costs for small-scale supermarkets and large format retailers, giving consumers greater access to these retailers."⁷⁶

C2.5 (Guideline 2.1(e)): Remove proximity restrictions on particular types of retail stores from planning, rezoning or development assessment processes, control instruments and decisions

Consistent with **Guideline 2.1(e)** the Victorian Planning Provisions do not impose proximity separation or minimum distance requirements between particular types of retail stores. As demonstrated by the list of factors a responsible authority must consider when assessing a planning permit application in section 60(1) of the PE Act, planning controls do not operate to protect one business from the physical proximity of a competitor. Where proximity restrictions on particular retail types do occur under the Victoria Planning Provisions, these controls are made and applied with specific reference to the broader public interest rather than preventing competition. For example, while adult sex product shops are a permit-required land use in Commercial 1 Zones under clause 34.01 of the VPP, they must be located at least 200 metres from residentially zoned areas to preserve local amenity. Similarly, clause 52.28 of the VPP allows local governments to prohibit gaming machines from specified retail areas and other locations under their local planning schemes. These provisions are included specifically to allow for the management of the widely recognised harms related to the provision of gaming services – see for example the schedule to clause 52.28 of Port Phillip's Local Planning Scheme⁷⁷. Such measures are intended to give effect to the objectives of the PE Act in section 4, especially the objective to "secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria".

⁷⁴ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34.01>

⁷⁵ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34.02>

⁷⁶ <https://assets.pc.gov.au/research/completed/vic-commercial-zoning/vic-commercial-zoning.pdf>, p.g. vi

⁷⁷ <https://planning-schemes.app.planning.vic.gov.au/Port%20Phillip/ordinance/52.28-s>

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Project 3: In development control instruments, increase the number of purposes for which land can be used

C3.1 (Guideline 3.1): Expand allowable uses for land by reorienting the focus of assessments of land use to be on the impacts of use, rather than blanket prohibitions.

Consistent with **Guideline 3.1** the assessment of a planning permit application is focused on the impacts associated with the proposed land use. Since the introduction of the *Planning and Environment (Planning Schemes) Act 1996*, Victoria has gradually transitioned to a statewide performance-based approach to planning schemes rather than administering a system of planning controls, with outright proscription increasingly as the exception. Victoria's planning system now emphasises the impacts of an individual application and assesses these against several considerations. Section 60(1) of the PE Act provides an exhaustive list of matters that the responsible authority must consider when assessing a planning permit application:

- a. the relevant planning scheme; and
- b. the objectives of planning in Victoria; and
- c. all objections and other submissions which it has received and which have not been withdrawn; and
- d. any decision and comments of a referral authority which it has received; and
- e. any significant effects which the responsible authority considers the use or development may have on the environment or which the responsible authority considers the environment may have on the use or development; and
- f. any significant social effects and economic effects which the responsible authority considers the use or development may have.

Clause 71.02-3 of the VPP *Operation of the planning policy framework – integrated decision making*⁷⁸ requires planning officers to consider the various impacts of land use and potentially competing objectives when making a planning decision. In practice, consideration of a) and b) above will involve planning officers assessing a planning permit application's overall impact on the delivery of objectives specified in section 4 of the PE Act, and more specific objectives contained in the local planning scheme, such as sustainable development or preservation of local heritage. Planning officers must then explicitly consider any relevant social, economic or environmental impacts from the application. Depending on the type of planning permit application planning officers may also need to seek expert advice from the relevant referral authorities⁷⁹ (e.g. the local water authority or electricity distributor) to better understand specific impacts, or where that authority's functions and works may be impacted. This impacts-based assessment approach has been supplemented by successive amendments to the VPP, which have expanded the allowable uses for land. Some notable past amendments to the VPP (not all of which apply to commercial zones) include:

- Amendment VC100 (gazetted 15 July 2013)⁸⁰- Commercial and Industrial zone reforms, which among other things, broadened as-of-right activities, allowing more residential, retail and office uses in commercial and industrial-zoned areas.
- Amendment VC103 (gazetted 5 September 2013)⁸¹- reformed rural zones to provide greater flexibility and allow a broader range of activities⁸². The prohibition on

⁷⁸ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/71.01>

⁷⁹ https://www.planning.vic.gov.au/_data/assets/pdf_file/0023/635306/planning-referral-authorities-under-clause-66.pdf

⁸⁰ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC100?schemeCode=alpi>

⁸¹ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC103?schemeCode=alpi>

⁸² https://www.planning.vic.gov.au/_data/assets/pdf_file/0024/651255/AN53-Reformed-Rural-Zones-for-Victoria.pdf

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camping and caravan park, funeral parlour, helicopter landing site, industry (other than rural industry), landscape gardening supplies, market, motor racing track, pleasure boat facility, service station, trade supplies, transport terminal, and warehouse (other than rural store)- relocating these from Section 3 (Prohibited) to Section 2 (Permit required).

- Amendment VC148 (gazetted 31 July 2018)⁸³- removed planning permit requirements to use land for a convenience shop or takeaway food premises in Industrial 1 Zone and to use land for a service industry or takeaway food premises in Industrial 3 Zone.
- Amendment VC242 (gazetted 20 September 2023)⁸⁴- amended the residential zone use tables to move the broad "Office (other than Medical centre)" and "Retail premises (other than Convenience shop, Food and drink premises, Market and Plant nursery)" categories from Section 3 (Prohibited) to Section 2 (Permit required).

To the extent they remain, prohibitions can be found in the tables of uses associated with each zone in clause 30 to 37 of the Victoria Planning Provisions and represent a codified assessment of what uses (and associated impacts) are incompatible with the intended purpose of a zoned land use e.g. as outlined in clause 34.01 of the VPP⁸⁵ a motor racing track and its associated impacts is incompatible with the intended purpose of Commercial 1 Zone and is thus prohibited. This approach of specifying some prohibited land uses allows for faster planning decisions than requiring an assessment on the impacts that a development may have on the surrounding area. Moving to a system where restricted land uses were not clearly specified with a focus instead on the likely impact of a particular use would require complex, lengthy and costly assessments of impacts to be made (often with little chance of success). This would be to the detriment of both the applicant (who would have to waste resources on an application that would almost certainly be unsuccessful) and the Victorian community more broadly.

C3.2 (Guideline 3.2): Where prohibited uses are identified, they should be subject to the public interest test.

Consistent with **Guidelines 3.2a** and **3.2b** Victoria publishes an exhaustive list of prohibited activities (section 3) and non-exhaustive lists of activities that require a 'as of right' (section 1) or require a permit (section 2) in each planning zone. These activities can be found in the tables of use associated with each zone⁸⁶, which are part of the larger Victoria Planning Provisions. Given the size and complexity of the Victoria Planning Provisions, the public interest justifications for permitted or prohibited uses and amendments to tables of use are not included in the main part of the VPP, but can be found in separate, historical documents such as the Explanatory Reports and (where applicable) the statement of reasons for intervention associated with each amendment that gave effect to the specific change to permitted or prohibited uses.

The explanatory report which accompanies any amendments to the VPP associated with permitted or prohibited uses must be prepared in accordance with Ministerial Direction No.11⁸⁷. The Ministerial Direction clearly requires the explanatory report to explain why the amendment is necessary, how it will serve the planning objectives of Victoria contained in section 4 of the PE Act (thereby ensuring that a public interest rationale exists) and how the amendment will address any environmental, social and economic effects. One example of a prohibited use was introduced by Amendment VC35⁸⁸, which among other things made an education centre (e.g. a school) a

⁸³ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC148?schemeCode=alpi>

⁸⁴ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC242?schemeCode=alpi>

⁸⁵ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34.01>

⁸⁶ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34.01>

⁸⁷ https://www.planning.vic.gov.au/_data/assets/pdf_file/0034/761848/Ministerial-direction-11-Strategic-assessment-of-amendments.pdf

⁸⁸ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC035?schemeCode=alpi>

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prohibited use in green wedge areas when it was gazetted⁸⁹ on 15 December 2005. As noted in the explanatory report⁹⁰ at the time, this was necessary to protect the agricultural, environmental, conservation, landscape, natural resource and recreation values of metropolitan green wedge land by prohibiting education centre use, which was more appropriately located in urban areas.

A more recent change to permitted land uses was introduced by VC148, which (among other things) removed the requirement to obtain a planning permit to use land for a convenience shop or a take away food premises in Industrial 1 Zone, gives an example of the documentation which provides the public interest justification for land uses and amendments to these land uses⁹¹. The rationale provided in the Explanatory Report was that they imposed an unnecessary regulatory burden on businesses, and that where a use demonstrably caused no significant impact, there was no benefit from requiring planning approval⁹² and that the amendments reduced costs, delays and uncertainty for businesses and applicants⁹³.

C3.3 (Guidelines 3.3): Expand 'as of right' and permitted land uses in commercial and industrial zones.

Consistent with **Guidelines 3.3a, b and c** the tables of use for Commercial Zones 1, 2 and 3⁹⁴ all list offices, some forms of restricted retail (e.g. cafes) and small scale supermarkets as in either section 1 (permit not required) or section 2 (permit required). Commercial Zones 1 and 2 list supermarkets and large format retail in sections 1 and 2, while these uses are generally prohibited in Zone 3. Industrial Zones 1, 2, and 3 all list offices, restricted and other forms of retail (e.g. convenience) and supermarkets (with some restrictions for Industrial 3 Zone) as either section 1 (permit not required) or section 2 (permit required) in their tables of use. These expanded 'as of right' and permitted uses in commercial and industrial zones were primarily achieved through Amendment VC100⁹⁵ in 2013 and Amendment VC148⁹⁶ in 2018. The Productivity Commission found that the move to broader commercial zones through reforms in 2013 "have increased the availability of suitable sites and reduced set-up costs for small-scale supermarkets and large format retailers."⁹⁷

C3.4a (Guideline 3.4a): Encourage greater use of mixed-use zones allowing commercial, retail and residential uses

⁸⁹ <https://resources.reglii.com/VGG.2005.12.15.G50.pdf>

⁹⁰ https://stfpbsprodapp01.blob.core.windows.net/amendmentfiles/28f59004-6c70-e811-a860-000d3ad0ed15_a928e924-af17-4d40-a3f3-1c11d6ebcc3e_VC35%20Explanatory%20report.pdf

⁹¹ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC148?schemeCode=alpi>

⁹² https://stfpbsprodapp01.blob.core.windows.net/amendmentfiles/c06d480c-6c70-e811-a857-000d3ad11a22_1c7c2e70-afa9-4c05-8e24-5de871a27c90_VC148%20Explanatory%20Report%20Approval%20Gazetted.pdf, see pg. 5 under the sub-heading "Supporting business by removing unnecessary regulation"

⁹³ https://stfpbsprodapp01.blob.core.windows.net/amendmentfiles/c06d480c-6c70-e811-a857-000d3ad11a22_1c7c2e70-afa9-4c05-8e24-5de871a27c90_VC148%20Explanatory%20Report%20Approval%20Gazetted.pdf, see pg. 6 under the sub-heading "How does the amendment address any environmental, social and economic effects?"

⁹⁴ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34>

⁹⁵ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/amendments/VC100>

⁹⁶ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/amendments/VC148>

⁹⁷ <https://assets.pc.gov.au/research/completed/vic-commercial-zoning/vic-commercial-zoning.pdf>, pg. vi

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Consistent with **Guideline 3.4a** on Victoria has sought to encourage the greater use of mixed-use zones through amendments to the Mixed Use Zone on 15 July 2013 via amendment VC100⁹⁸ which removed or reduced restrictions on non-residential uses, and with the introduction of Commercial 3 Zone on 4 October 2018 via amendment VC149⁹⁹. Commercial 3 Zone is intended to provide areas of mixed employment activity, including industrial, commercial, office and other mixed-use activity such as limited residential and retail. The Victorian planning authorities have sought to support the uptake of Commercial 3 Zone into local planning schemes through consultations and guidance notes such as *PPN85: Applying the commercial 3 zone*¹⁰⁰. The Productivity Commission found in its review of Victorian zoning reforms that “Victoria’s commercial zoning arrangements are comparatively flexible and market-driven” and “the zones allow many commercial uses as-of-right (without a permit).”¹⁰¹

C3.4b (Guideline 3.4b): Minimise the number of commercial and industrial zones and rationalise the number of zones in accordance with the public interest test

Consistent with **Guideline 3.4b** Victoria introduced a reformed suite of residential, commercial and industrial zones via Amendment V8 (residential zones) and Amendment VC100 (commercial/industrial). The reforms replaced the existing five Business zones (Business 1, 2, 3, 4, 5) with two commercial zones — Commercial 1 and Commercial 2 — and amended Industrial Zones 1, 2 and 3¹⁰² by removing default floor space restrictions for offices and allowing more commercial and retail activity. As noted above, the limited number of Commercial Zones allow for a broad range of uses

⁹⁸ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC100?schemeCode=alpi>

⁹⁹ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments/VC149?schemeCode=alpi>

¹⁰⁰ <https://www.planning.vic.gov.au/guides-and-resources/guides/planning-practice-notes/applying-the-commercial-3-zone#heading-4>

¹⁰¹ <https://assets.pc.gov.au/research/completed/vic-commercial-zoning/vic-commercial-zoning.pdf>, pg. 37

¹⁰² https://www.planning.vic.gov.au/_data/assets/pdf_file/0020/9632/Improved-Industrial-Zones-Fact-Sheet.pdf

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Project 4: Streamline criteria and processes for development assessment and rezoning

C4.1 (Guideline 4.2): Remove duplicative assessment processes and requirements in legislation and development instruments.

The Victorian Government committed to reviewing and rewriting the *Planning and Environment Act 1987*¹⁰³ in the policy document *Victoria's Housing Statement – The Decade Ahead 2024-2034*¹⁰⁴. The review did **not** identify any significant duplicative assessment processes or requirements within the Victorian planning system established by the PE Act, although as expected it did identify opportunities to streamline and improve decision-making in planning processes. The Victorian Government delivered on its commitment to rewrite the PE Act with amendments made by the PABDMF Act (see **Reform 1.1**).

Consistent with **Guideline 4.2**, current planning practice and existing guidance are explicit in requirement to avoid duplication in the planning system. Guidelines contained in the *Practitioner's Guide to Victoria's Planning Schemes* expressly forbid local planning scheme amendments from duplicating other legislation, instruments or planning scheme provisions in the overarching, statewide Victoria Planning Provisions¹⁰⁵. These guidelines also state that matters outside the remit of planning should not be regulated in local planning scheme provisions, and should be considered through more appropriate legislation and regulatory frameworks.

While there are several pathways for planning permit applications and planning scheme amendments such as VicSmart or the Development Facilitation Program (see past reforms **C4.3** and **C4.4** below), these represent distinct, separate approval pathways rather than duplicative processes or requirements. To the extent these pathways offer an accelerated and more streamlined process this is because they take allow for a more risk-based, proportionate assessment process, rather than through the elimination of duplicative assessment processes and requirements. Amendments made to the PE Act via the PABDMF Act will update these pathways and further embed this proportionate, risk-based approach to planning assessments.

C4.2 (Guideline 4.3): Make 'as of right' development processes standard practice.

The 82 local planning schemes across Victoria apply standardised zoning to support intended uses of that land, for example, residential, industrial, commercial or other. The zones are listed in the Victoria Planning Provisions and each has a purpose and set of requirements, with land uses categorised into three sections in a table of uses:

- Section 1: Land uses that do not require a planning permit
- Section 2: Land uses that require a planning permit
- Section 3: Prohibited uses.

Section 1 uses are "as of Right" uses in each of the zones, although in some cases the as of right use is subject to prescribed requirements (i.e. standard conditions that need to be satisfied). For commercial planning and zoning the relevant zones and tables of use can be found below:

- Industrial 1 Zone, clause 33.01-1 of the VPP¹⁰⁶

¹⁰³ <https://www.premier.vic.gov.au/affordability-partnership-build-800000-victorian-homes>

¹⁰⁴ https://www.vic.gov.au/sites/default/files/2023-09/DTP0424_Housing_Statement_v6_FA_WEB.pdf, pg. 41

¹⁰⁵ https://www.planning.vic.gov.au/data/assets/pdf_file/0037/709597/Practitioners-Guide-to-Victorias-Planning-Schemes-Final-August-2025.pdf, pg. 22

¹⁰⁶ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/33.01>

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- Industrial 2 Zone, clause 33.02-1 of the VPP¹⁰⁷
- Industrial 3 Zone, clause 33.03-1 of the VPP¹⁰⁸
- Commercial 1 Zone, clause 34.01-1 of the VPP¹⁰⁹
- Commercial 2 Zone, clause 34.02-1 of the VPP¹¹⁰
- Commercial 3 Zone, clause 34.03-1 of the VPP¹¹¹

Since the introduction of the Victorian Planning Provisions and state-standard provisions including zones and overlays in 1996 via the *Planning and Environment (Planning Schemes) Act 1996*¹¹², over time subsequent amendments to the VPP have progressively increased the number of “as of right uses” for zones and areas in local planning schemes that are covered by them (see **C3.1** for previous examples). Some significant amendments in this journey include:

- Amendment VC100¹¹³ which introduced broad Commercial 1 and 2 Zones following the merging of the previous five business zones, accompanied by amendments to the industrial zones to provide more flexibility for office and some retail uses.
- Amendment VC148¹¹⁴, which (among other things) removed planning permit requirements to use land for a convenience shop or takeaway food premises in Industrial 1 Zone and to use land for a service industry or takeaway food premises in Industrial 3 Zone.

C4.3 (Guideline 4.4): Ensure fast, streamlined assessment tracks (e.g. ‘code assessable’) for development applications that are classified as ‘low risk’.

Consistent with **Guidelines 4.4a** and **4.4b** the VicSmart program (which commenced 19 September 2014) established a dedicated fast-track assessment pathway distinct from the standard planning permit process intended for low-risk, low-complexity planning permit applications. To qualify for the VicSmart process the proposed development must:

- comply with all planning and building controls,
- be listed as a VicSmart class of application in the relevant planning scheme,
- meet the eligibility criteria listed, and
- be a permitted use in the zone or overlay listed.

The above conditions ensure that proposals qualifying for the VicSmart pathway align with local policies and planning schemes and can be assessed against pre-set decision guidelines set out in the VicSmart planning provisions for that class of application. Applications are not advertised and there are no third-party appeal rights (i.e. objectors cannot appeal a decision to VCAT). In time, it is likely that the VicSmart pathway will be replaced by the Stream 1 application pathway introduced by the

¹⁰⁷ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/33.02>

¹⁰⁸ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/33.03>

¹⁰⁹ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34.01>

¹¹⁰ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34.02>

¹¹¹ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/34.03>

¹¹² <https://www.legislation.vic.gov.au/in-force/acts/planning-and-environment-planning-schemes-act-1996/005>

¹¹³ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/amendments/VC100>

¹¹⁴ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/amendments/VC148>

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Planning Amendment (Better Decisions Made Faster) Act 2026 (see **Reform 1.1**). In 2025, 23 per cent (9,515) of permit applications received in Victoria were under the VicSmart pathway, while the median number of processing (calendar) days for a responsible authority to deliver an outcome for VicSmart applications was just 15 days, compared to 98 days for standard applications¹¹⁵. These figures demonstrate both the scope of the VicSmart reforms, and their effectiveness in streamlining planning permit processes. Further reforms (see reform 1.1 and 1.4) will impose a time limit (proposed to be 10 days) for responsible authorities to make a decision on a Type 1 planning permit application (which will replace VicSmart). If the responsible authority does not make a decision within this period then approval will be deemed to be given.

C4.4 (Guideline 4.4): Ensure fast, streamlined assessment tracks (e.g. 'code assessable') for development applications that are classified as 'low risk'.

Consistent with **Guidelines 4.4a** and **4.4b** the Development Facilitation Program (DFP) was launched on 24 October 2020¹¹⁶ in an effort to promote economic recovery in response to the COVID-19 pandemic. The DFP offered an accelerated planning pathway for consideration of both planning permit applications and planning scheme amendments, first under the Minister for Planning's existing powers under the PE Act before being formally gazetted into the Victoria Planning Provisions (VPP) on 20 September 2023¹¹⁷. Projects must "make a significant contribution to Victoria's economy and provide substantial public benefit, including jobs for Victorians"¹¹⁸ and are assessed on planning merit according to criteria below (ensuring alignment with **Guidelines 4.4a** and **4.4b**):

- the requirements of the *Planning and Environment Act 1987* (including the objectives of planning in Victoria)
- State and local provisions of the planning scheme
- Site context, including potential amenity and environmental impacts

There are a number of different pathways under the DFP intended for different projects such as the significant economic developments and unlocking strategic sites pathways¹¹⁹. Under the significant economic development pathway (clause 53.22 of the VPP) the DFP can be used to facilitate and streamline planning permit applications and planning scheme amendments for commercial developments such as retail (must be above \$100 million in metropolitan Melbourne or \$20 million if outside) or office (must be at least 10,000 square metres in metropolitan Melbourne or 5,000 square metres if not).

Since it was established, the DFP has facilitated the approval of 250 projects with a total approved development cost of over \$30 billion. In the 2025-26 financial year the DFP facilitated the approval of over 90 projects with an estimated combined development cost of over \$11 billion in a range of priority sectors including renewable energy, advanced manufacturing and defence, digital technologies, health, education, and professional services.

Under the DFP, planning permit applications are made to the Minister for Planning rather than local council and cannot be appealed to VCAT. This ensures faster and more streamlined planning decisions free from anti-competitive objections, that may delay or cancel projects. The role of Minister as key decision maker also allows the Minister to intervene and approve a project if the local council is taking too long to review an application. Under the VPP Clauses 53.22, 53.23 and 53.25 the Minister can:

- waive or vary mandatory planning scheme requirements relating to building height, setbacks and garden area

¹¹⁵ <https://www.planning.vic.gov.au/guides-and-resources/council-resources/planning-permit-activity-reporting>

¹¹⁶ <https://www.premier.vic.gov.au/more-building-approvals-drive-our-economic-recovery>

¹¹⁷ <https://www.gazette.vic.gov.au/gazette/Gazettes2023/GG2023S497.pdf>

¹¹⁸ <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/53.22>

¹¹⁹ <https://www.planning.vic.gov.au/planning-approvals/planning-enquiries-and-requests/development-facilitation-program/unlocking-strategic-sites>

Appendix 1: Jurisdiction-Specific Reform Plan Template

- waive or vary a condition opposite a use in section 2 in a zone or a schedule to a zone for an application made under Clause 53.23
- waive any application requirement if it is determined irrelevant to the assessment of the application.

Under the DFP, the Minister may also assume responsibility for amending a planning scheme to facilitate the approval of an eligible project. Planning scheme amendments progressing via this pathway face reduced uncertainty and times for processing, which is undertaken and resourced by the Department of Transport and Planning rather than local governments. Utilising various powers under the PE Act, the Minister can initiate and expedite an amendment with exemptions from any or all of the notice requirements in sections 17 and 19 of the PE Act through the use of powers granted in s.20(4) of the PE Act. Such notice requirements impose a period of at least one month for submissions to be lodged. Planning scheme amendments now have their own stream under the unlocking strategic sites pathway (see **Reform 4.8**).