



# Master Builders Association of Victoria

## Submission - Reformed Planning Zones for Victoria

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## PLANNING FOR OUR FUTURE

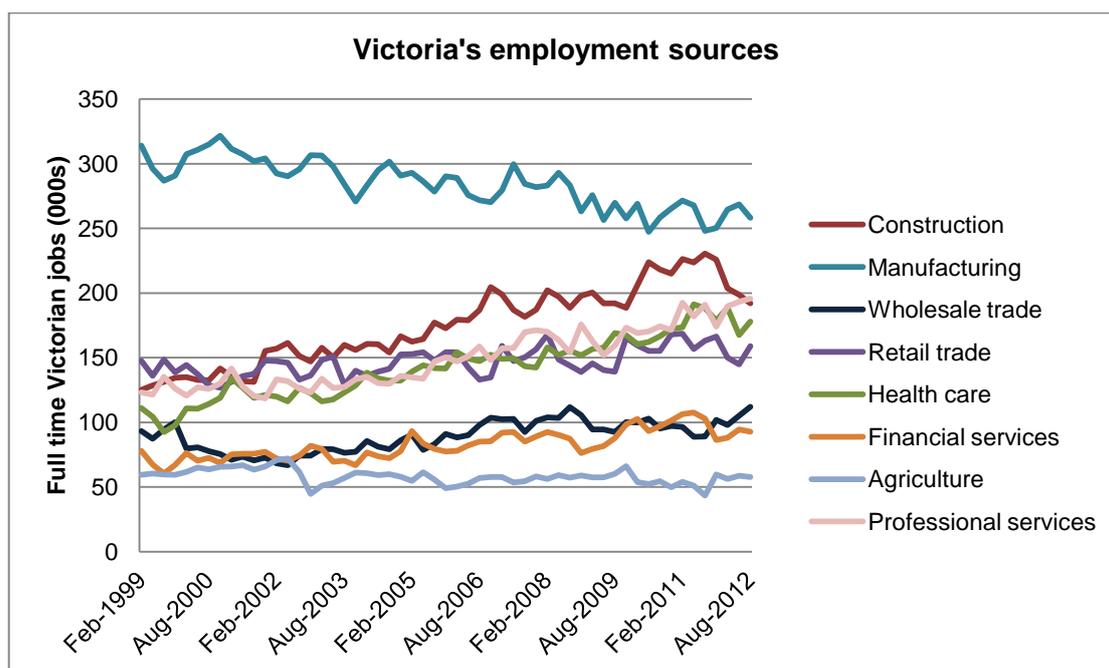
Planning is one of the greatest frustrations for builders across the state. With the proper framework, our planning system has the capacity to enshrine the world-leading liveability of our cities and regional communities for generations to come. When handled poorly, the planning system can suffocate innovation and add significant costs and delays onto building projects.

For many of our members, it is a regular occurrence to be exhausted by the current planning system, which is a beacon for inconsistent decisions, heavy-handed bureaucratic processes, ambiguity, impediments and expenses. They are forced to face a different rule book every time they step across a municipal boundary and it is our community and our economy that suffers in the process.

Victorians rely on the building and construction sector to deliver their homes, offices, warehouses, factories, workplaces, schools, hospitals, roads, transport and other social infrastructure. Everyone in our community wants these projects delivered on time and on budget. Our planning system could help facilitate these objectives, but all too often it is nothing more than a barrier of inertia and inflexibility.

Master Builders welcomes the opportunity to comment on the proposed planning zones reforms outlined by the Victorian Government. Having previously called for changes to the state's planning system, we wholeheartedly endorse efforts to simplify overly-complex planning laws and cut red tape for our industry. We need a system in place that supports building companies, many of whom are small businesses, to spend less time filling in excessively bureaucratic paperwork and more time building the services and infrastructure our community desires and deserves.

While our sector faces tough economic conditions, fuelled by weakening consumer demand and rising costs, the building and construction industry remains Victoria's second-largest provider of full time jobs. In fact, our industry supplies this state with one in every ten full time jobs – more than the wholesale trade, retail trade, health care, financial services, agriculture or professional services sectors.



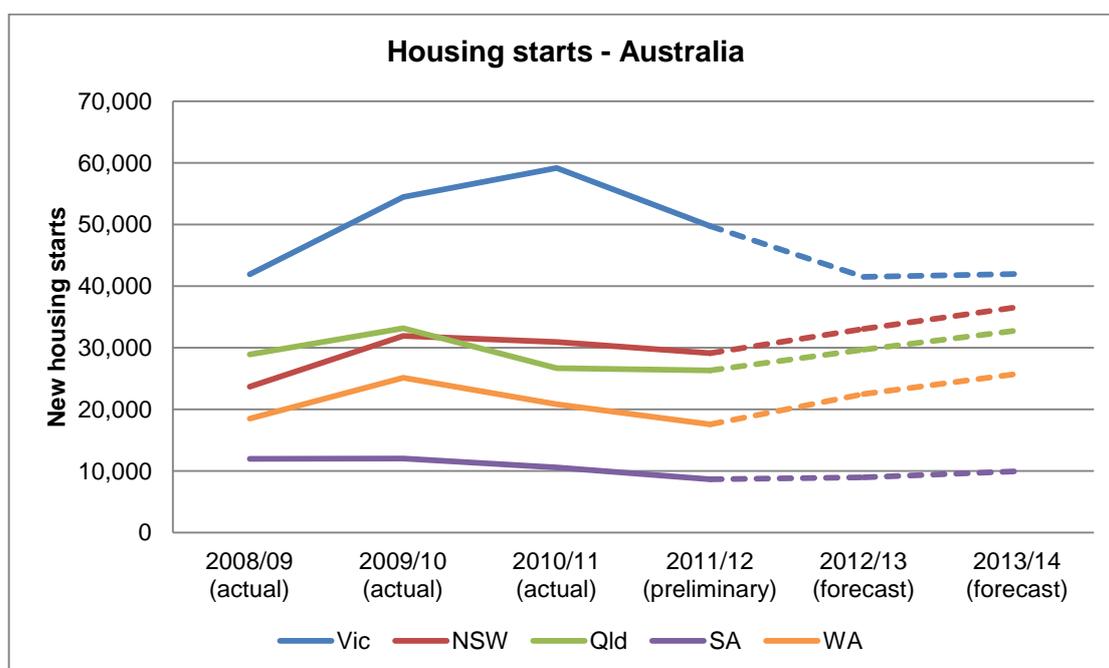
Source: Australian Bureau of Statistics 6291.0.55.003

The tough economy is taking a hold of our industry though. Since November 2011, the sector has shed nearly one in every five jobs and now employs some 48,200 fewer Victorians in full time and part time work.

While building activity is declining, Master Builders forecasts that a significant \$36 billion worth of works will be undertaken in 2012/13. It is a major contributor to our economy. Planning laws are a vital influence on our sector's ability to succeed and thrive, to generate investment and to secure jobs.

For too long, planning has been viewed through a social or environmental prism alone. The 220,000 Victorians working in our sector cannot afford for this to continue because their livelihoods are on the line. Instead, we need to look at planning as an economic catalyst and a driving force for creating opportunities and prosperity for all Victorians.

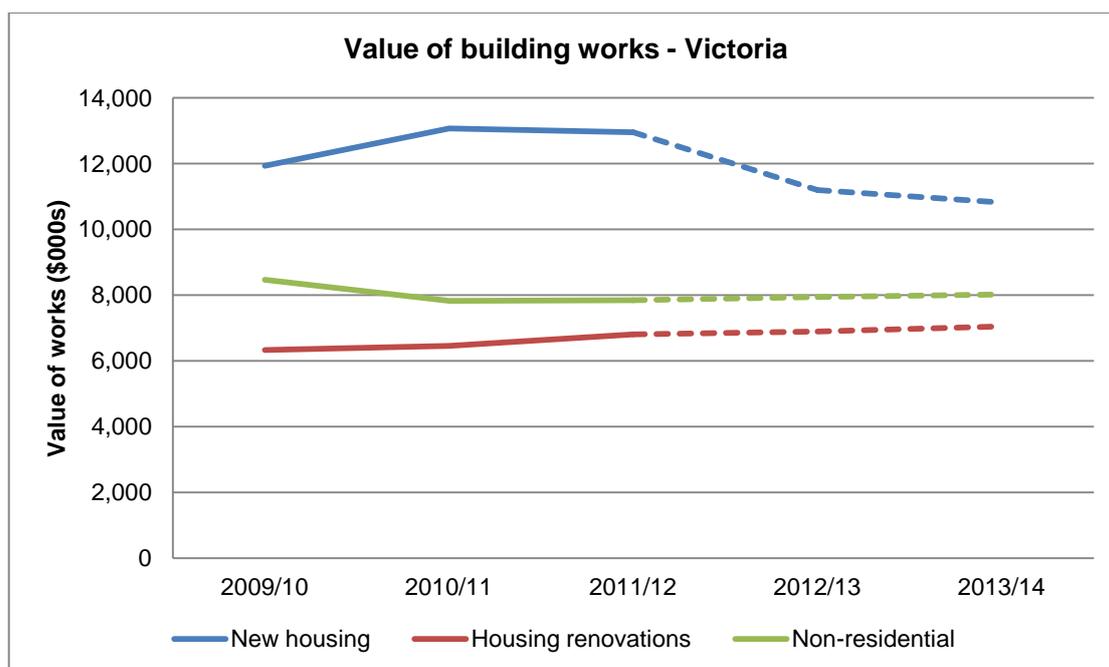
The building industry requires a strong and robust planning system to help meet the challenges we currently face. While the number of new housing starts across Australia declined some 12 per cent in 2011/12, our state's industry experienced a drop of 16 per cent. Our current forecasts suggest that these housing starts will decrease by a further 17 per cent this financial year.



Source: Australian Bureau of Statistics 8750.0, Master Builders

Investment in non-residential building remains at levels below previous years but, after holding steady in 2011/12, we currently forecast this will increase slightly this financial year, largely as a result of works involved in constructing the new Victorian Comprehensive Cancer Centre.

The value of works done in housing renovations, extensions and alterations continues to improve, with a 5 per cent rise in 2011/12. Our forecasts currently indicate this sector will continue to climb in the current financial year and efforts should be made to reduce the red tape involved in facilitating this type of activity.



Source: Australian Bureau of Statistics 8752.0, Master Builders

Our members call for more ‘as of right’ developments and increased opportunities for straightforward, logical planning proposals to be dealt with through fast, simple processes. They want to see councils held more accountable for making timely and appropriate decisions and reduce the opportunities for the obfuscation that sees decisions made well beyond statutory time frames or not made at all. They also want to see consideration given to the process of dealing with planning objections, which are often made by individuals or groups who are not genuinely impacted by planning applications.

It is beyond doubt that the population of metropolitan Melbourne and regional Victoria will continue to rise over coming years and decades. Through the State Government’s discussion paper, a rare opportunity exists for a community dialogue as to how this growth should be accommodated. We hope a sensible discussion takes place so that together we can best facilitate this growth.

Our options are clear. We can allow the perpetual naysayers and professional objectors dictate the terms of managing and planning for growth. This will result in greater urban sprawl, limit social inclusion and hurt housing affordability.

Alternatively, we can better balance growth between new and existing communities. This will mean Victorians can access educational, recreational and professional opportunities closer to home, provide more time with their families rather than commuting to work and feel more connected with their local community.

Every Victorian deserves the right to fulfil the great Australian dream of owning their own property. Housing affordability continues to be an issue of great concern across the state, but we can help our children and their children obtain this dream by more effectively managing growth and encouraging the development of a broader range of housing options.

This will require bold vision. For some people, it may involve a change of attitude. Innovative thinking will be needed now and in the future. Importantly, Master Builders firmly believes that the government's discussion paper is a giant step in the right direction to help cater for growth, enhance Melbourne's standing as the world's most liveable city and enshrine regional Victoria's position as an attractive place to live.

**Brian Welch**  
**Executive Director**

September 2012

## **OVERVIEW OF MASTER BUILDERS ASSOCIATION OF VICTORIA**

The Master Builders Association of Victoria (“Master Builders”) is the peak body representing employers in Victoria’s building and construction industry. Our membership consists of more than 9,500 builders, subcontractors, manufacturers/suppliers and students. More than 50 per cent of our professional members are small businesses with an annual turnover of \$2 million or less.

Master Builders provides a range of services to members. Many of these would be cost prohibitive if not offered by a not-for-profit group that supports builders, particularly those in small businesses, including:

- Legal advice on matters such as preparing domestic building contracts and resolving building disputes;
- OHS advice, including delivering the Small Business OHS Consultancy Program in partnership with WorkSafe;
- Advice on the interpretation of building legislation and the technical provisions of the National Construction Code;
- Training services including Diploma, Certificate level and short courses designed to meet the needs of the various sectors within the industry;
- ALink, our go to support and advisory centre offering a range of services including placements, Industrial Relations and OHS advice for apprentices, apprenticeship service providers and those seeking a career in the building and construction industry to help reduce the attrition rate of apprentices and to raise the profile of the industry as a provider of rewarding career pathways;
- Our award-winning Virtual Office cloud-based system providing members access to services including e-contracts, e-permits and monitoring of CPD points;
- Assisting members in preparing applications to become registered builders.

Given our close contact with building businesses, from large to small, on day-to-day regulatory and business concerns, Master Builders is uniquely placed to comment on the issues raised in the Reformed Zones for Victoria discussion paper.

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## **PRIORITIES FOR A MODERN, FUNCTIONAL PLANNING SYSTEM**

Master Builders believes that to best meet the needs of Victorians, we need a planning system that will:

### Accommodate population growth

Victoria's population is increasing and effective future planning is required to manage growing pressure on housing, public transport, roads, schools and hospitals.

### Address housing affordability

Housing affordability remains a significant problem for many Victorians and a more diverse range of housing stock needs to be encouraged to ensure everyone has access to fulfilling the great Australian dream of owning their own home.

### Be consistently applied across municipal borders

There should be consistency in planning regardless of where the applicant is located in Victoria and this should also apply to planning related costs.

### Less complex

Streamlined processes are required to reduce unnecessary restrictions and simplify planning schemes at the local level to provide greater certainty and clarity.

### Timely

Timely planning decisions need to be facilitated by encouraging councils to make sensible decisions and reduce the opportunities for obfuscation that leads to a backlog of cases at VCAT.

### Provide opportunities

The planning system should provide all Victorians with greater access to services, jobs and infrastructure close to home, no matter where they are located.

### Retain liveability

The liveability of Melbourne and Victoria needs to be enhanced through the use of innovative planning solutions.

### Support investment

The development of new business and investment opportunities are required to enhance our economy and create an incentive for future building in Victoria.

### Assist rural communities

Ensuring the unique needs of rural Victorians are supported will create new opportunities for local residents, particularly in farming, agriculture and tourism.

## SUMMARY OF RECOMMENDATIONS

- Recommendation 1                      Master Builders calls on the Victorian Government to:
- a) proceed with its proposed changes to residential planning zones to provide greater certainty to help address housing affordability, support Victorian jobs and keep up with current trends in the housing sector;
  - b) ensure residential zones are applied across councils to cater for short, medium and long term population growth; and
  - c) set minimum proportions for each zone to meet for overall population requirements.
- Recommendation 2                      Master Builders calls for:
- a) a minimum height limit of 12.5 metres in the General Residential Zone;
  - b) a minimum height limit of 16.5 metres in the Residential Growth Zone; and
  - c) efforts to mandate minimum height limits across municipal boundaries so that the planning system encompasses greater consistency.
- Recommendation 3                      Master Builders seeks action to:
- a) introduce the Neighbourhood Residential Zone and remove restrictions such as medical centres; and
  - b) retain the existing planning permit threshold to construct or extend one dwelling on a lot of 300 square metres.
- Recommendation 4                      Master Builders seeks action to:
- a) introduce the General Residential Zone and remove restrictions such as medical centres, places of worship and convenience shops; and
  - b) reduce the planning permit threshold to construct one dwelling on a lot from 300 square metres to 200 square metres.
- Recommendation 5                      Master Builders seeks action to:
- a) introduce of the Residential Growth Zone and remove restrictions such as medical centres, convenience shops and places of worship; and

- b) reduce the planning permit threshold to construct or extend one dwelling on a lot from 300 square metres to 80 square metres.
- Recommendation 6 Master Builders endorses the Victorian Government proceeding with proposed changes to existing rural planning zones to better support regional communities.
- Recommendation 7 Master Builders encourages the Victorian Government to proceed with proposed changes to existing rural zones to:
- a) remove the prohibition on certain retail uses;
  - b) reduce or remove permit requirements for tourism uses;
  - c) allow new education facilities to be built in rural conservation zones;
  - d) cut red tape by increasing the permit exemption threshold for altering or extending an existing dwellings; and
  - e) reduce the default minimum lot size in a Rural Living Zone.
- Recommendation 8 Master Builders supports changes to the existing Farming Zone to:
- a) reduce restrictions to alterations and extensions to dwellings and farm buildings;
  - b) improve retail, commercial and accommodation uses and remove prohibitions on schools; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.
- Recommendation 9 Master Builders seeks action to implement changes to the existing Rural Activity Zone to:
- a) reduce restrictions to alterations and extensions to dwellings and farm buildings;
  - b) support more accommodation, retail and warehouse uses; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.
- Recommendation 10 Master Builders supports changes to the existing Rural Conservation Zone to:

- a) reduce restrictions to alterations and extensions to dwellings and farm buildings;
  - b) provide for new schools and removing prohibition of some uses including accommodation; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.
- Recommendation 11      Master Builders endorses changes to the existing Green Wedge Zone to:
- a) exempt more agricultural and farming uses from permit requirements;
  - b) remove prohibitions on schools and medical centres; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.
- Recommendation 12      Master Builders advocates for changes to the existing Green Wedge A Zone to:
- a) exempt more agricultural and farming uses from permit requirements;
  - b) remove prohibitions on schools, markets, places of worship and medical centres; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.
- Recommendation 13      Master Builders calls for changes to the existing Rural Living Zone to:
- a) reduce restrictions to alterations and extensions to dwellings and farm buildings;
  - b) reduce minimum lot size for subdivision and construction of a single dwelling from eight hectares to two; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.
- Recommendation 14      Master Builders calls for rural streets of historical value to be protected under the proposed changes to ensure local tourism industries and businesses can thrive.

- Recommendation 15      Master Builders encourages moves to consolidate the five existing Commercial Zones into new Commercial 1 and 2 Zones, to encourage greater business investment in our communities and provide opportunities for local residents.
- Recommendation 16      Master Builders endorses proposed changes under the proposed Commercial 1 Zone to remove:
- a) permit requirements for retail uses, accommodation and exhibition centres;
  - b) conditions for education centres and offices; and
  - c) floor area restrictions.
- Recommendation 17      Master Builders supports moves under the proposed Commercial 2 Zone to remove permit requirements for:
- a) cinemas, food and drink premises, certain retail premises, trade supplies;
  - b) maximum floor area restrictions for offices; and
  - c) exemptions for small-scale supermarkets.
- Recommendation 18      Master Builders welcomes moves to:
- a) remove default floor space area restrictions for offices in the industrial zones; and
  - b) allow supermarkets up to 2,000 square metres and supporting shops to in the Industrial 3 Zone.
- Recommendation 19      Master Builders calls for:
- a) appropriate incentives or penalties to be applied to councils which fail to work within the Government's broader planning vision for Victoria;
  - b) government to encourage councils to enter into meaningful discussions with their local communities about reforming local zones as well as neighbouring councils to ensure a holistic regional approach to zoning takes place;
  - c) the Minister for Planning to ensure that overall population growth needs are catered for by retaining a defined role in the planning process and instituting targets for each residential zone that councils must strive to achieve.
- Recommendation 20      Master Builders calls for the Victorian Government to investigate options that will lead to local councils

making sound and timely planning decisions in accordance with state-wide planning policies.

Recommendation 21

Master Builders seeks action by the Victorian Government to encourage referral authorities to make timely and sound decisions regarding planning matters by:

a) publicly releasing, on an annual basis, details of planning decisions made by referral authorities that cover the timeliness of such decisions and the outcomes sought such as additional planning conditions; and

b) encouraging referral authorities to better engage with industry and to undertake professional development opportunities that better empower their staff to make decisions within a sensible timeframe.

Recommendation 22

Master Builders calls for the Victorian Government to ensure planning zone reforms introduced are:

a) applied consistently across the state;

b) simplify planning schemes at the local level; and

c) encourage more timely decisions to be made.

## REFORMED RESIDENTIAL ZONES –

### **HOMES FOR ALL VICTORIAN FAMILIES**

Master Builders broadly supports proposed changes to:

- Replace the existing Residential 1, 2 and 3 Zones with a new Neighbourhood Residential, General Residential and Residential Growth Zone; and
- Improve the existing Low Density Residential, Mixed Use and Township Zones.

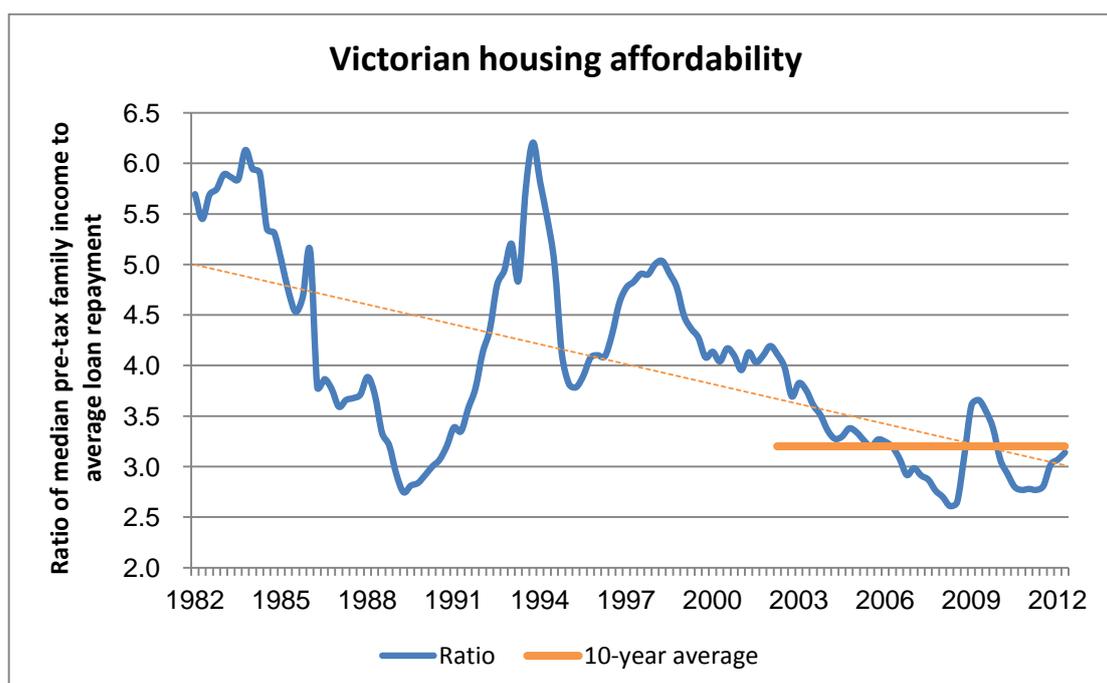
#### *Housing Affordability*

In November 2010, Master Builders launched the *Is Anybody Listening?* campaign aimed at addressing the lack of action on the Victorian Housing Affordability crisis.

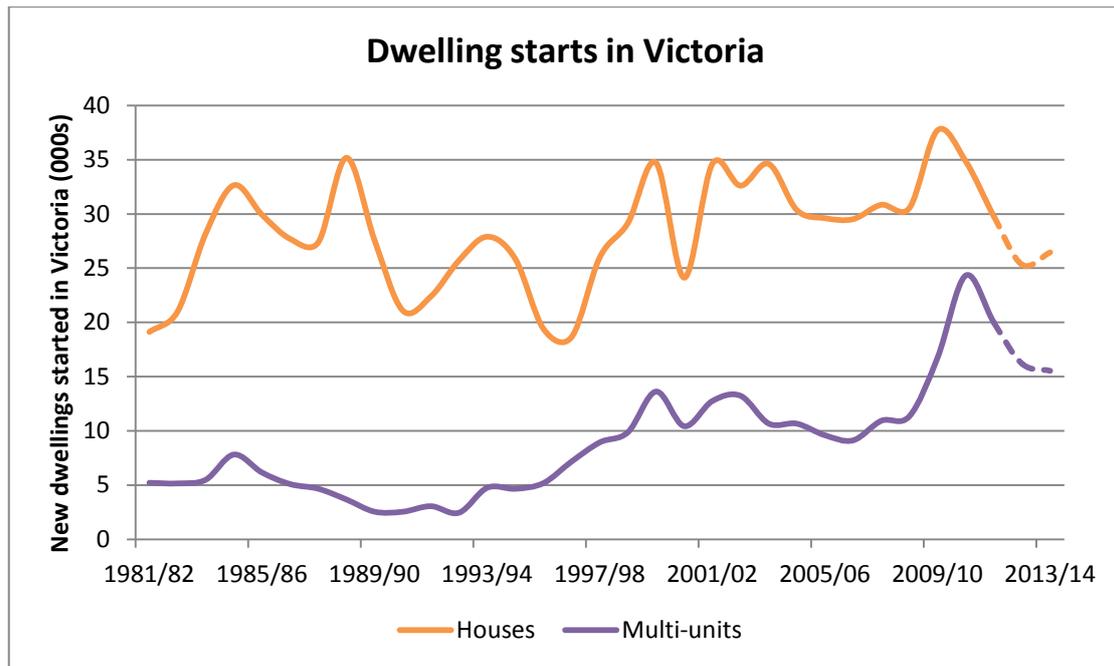
According to findings from the Victorian Valuer-General, in 1995, the median priced home in Melbourne was 2.9 times Melbourne’s household income. By 2011, that ratio had increased to 5.7 times Melbourne’s average household income. Melbourne’s unit market hasn’t avoided being affected by the rising cost of property either, with the median Melbourne unit increasing from 2.6 to 5.0 times Melbourne’s average income over the past 16 years. Housing affordability for homes has also deteriorated in regional Victoria. In 1995, median priced houses in Geelong, Bendigo and Ballarat were 2.2, 2.0 and 2.0 times Victoria’s average household income. In 2011, that ratio had grown to 4.9, 3.6 and 3.7 respectively.

As a result of the growing imbalance between income and housing prices, fewer Victorians are now able to responsibly manage the typical Victorian home loan. This erodes our attractiveness as a place to live, which remains a critical part of our ongoing economic vitality and our ability to address population growth.

#### *Housing Trends*

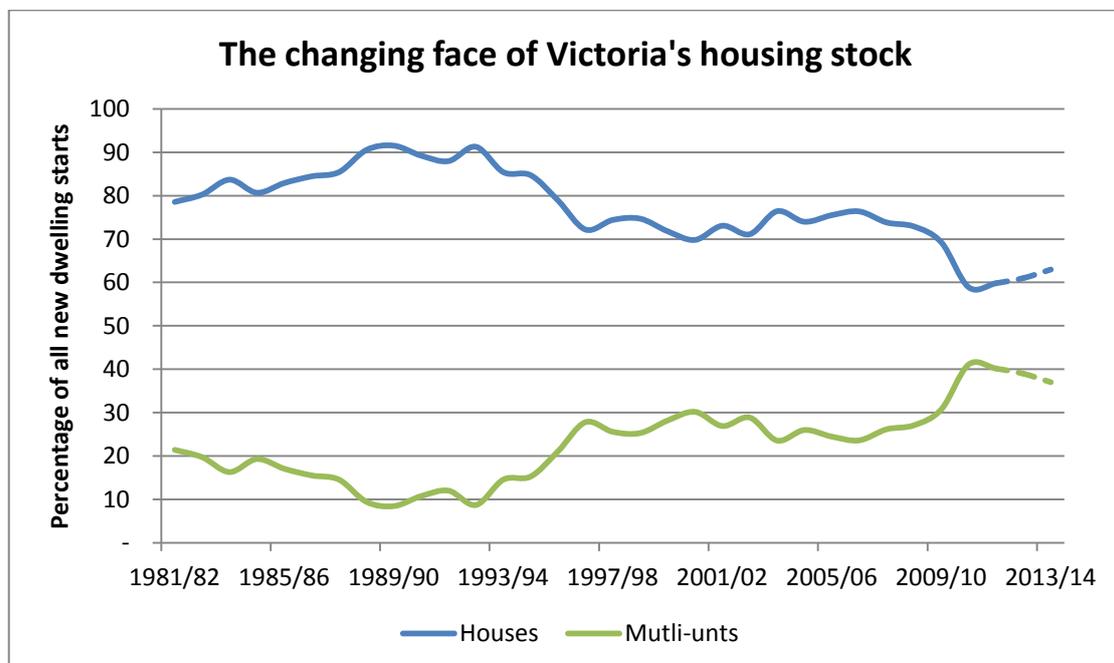


Source: Adelaide Bank/REIA, Housing Affordability Reports



Source: Australian Bureau of Statistics 8752.0 and 8750.0 and Master Builders

To meet the needs of a growing population in a modern society, the housing landscape has been rapidly changing in recent years. Multi-unit dwellings are becoming much more common, having increased in terms of construction starts from 5000 per year in the early 1980s to more than 24,000 in 2010/11. This type of housing provides many community benefits such as addressing housing affordability, generating demand for more modern transport links and reducing environmental footprints. For the first time in the late 1980s, the proportion of multi-unit housing starts in Victoria is projected by Master Builders to decline significantly though.



Source: Australian Bureau of Statistics 8752.0 and 8750.0 and Master Builders

As recently as 1989/90, less than one in ten new dwellings constructed in Victoria were multi-units. By 2010/11, more than four in ten dwellings constructed in Victoria were multi-units.

In order to sustain the modest boost we have seen to housing affordability in recent years we must continue to encourage the construction of multi-unit dwellings. It is imperative that planning zones continually encourage more diverse housing stock through the construction of more townhouses and apartments as well as houses, dual occupancies and villas, so that all Victorian families have the opportunity to enter the property market.

Master Builders wants to ensure Victoria retains construction jobs and reforming planning zones, as outlined in the government discussion paper will help better facilitate the development of new housing and new communities for future generations.

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| <b>RECOMMENDATION 1:</b> | Master Builders calls on the Victorian Government to:<br><br>a) proceed with its proposed changes to residential planning zones to provide greater certainty to help address housing affordability, support Victorian jobs and keep up with current trends in the housing sector;<br><br>b) ensure residential zones are applied across councils to cater for short, medium and long term population growth; and<br><br>c) set minimum proportions for each zone to meet for overall population requirements. |
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### *Building Heights*

The proposed reforms highlight the following building heights for each residential zone:

- Residential Growth Zone - 12.5 metres;
- General Residential Zone – 9 metres;
- Neighbourhood Residential Zone – 9 metres; and
- Township Zone – 9 metres.

These proposals would enable councils to set higher or lower limits at their discretion. Master Builders is concerned this works against the overall framework of zone reforms to encourage greater consistency across the planning system. We also believe the proposed height limits do not go far enough to encourage the development of a more diverse housing stock and make further inroads into addressing housing affordability over a long-term period.

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| <b>RECOMMENDATION 2:</b> | Master Builders calls for:<br><br>a) a minimum height limit of 12.5 metres in the General Residential Zone;<br><br>b) a minimum height limit of 16.5 metres in the Residential Growth Zone; and<br><br>c) efforts to mandate minimum height limits across municipal boundaries so that the planning system encompasses greater consistency. |
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### *Permitted uses*

Under the proposed residential zones, the following permitted uses are:

- No permit required for dwellings, dependent person's unit, medical centres, bed and breakfasts, aged care facilities, places of worship, small shops, offices and food outlets;
- A permit is required for a car wash, car park, community market, convenience shop or restaurant, leisure and recreation facilities, plant nursery and tavern; and
- Bottle shops, adult sex bookshops, brothels, cinemas, nightclubs, industry, warehouses and larger retail are all prohibited.

### *Specific recommendations for proposed zones*

#### Neighbourhood Residential Zone

The proposed Neighbourhood Residential Zone reflects most closely the existing Residential 3 Zone, but has been altered to limit opportunities for increased residential development and ensure new development is consistent with the existing and preferred neighbourhood character, with medical centres to become 'as of right'.

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| <b>RECOMMENDATION 3:</b> | Master Builders seeks action to:<br><br>a) introduce the Neighbourhood Residential Zone and remove restrictions such as medical centres; and<br><br>b) retain the existing planning permit threshold to construct or extend one dwelling on a lot of 300 square metres. |
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#### General Residential Zone

The proposed General Residential Zone reflects most closely the existing Residential 1 Zone, but has been altered to focus more on preserving existing neighbourhood character and remove focus on housing diversity and a range of densities. Medical centres, offices, shops and food/drink premises are to become 'as of right' to a limited floor area and reduces lot size for which a planning permit is required to construct or extend one dwelling on a lot from 300 square metres to 200 square metres.

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| <b>RECOMMENDATION 4:</b> | Master Builders seeks action to:<br><br>a) introduce the General Residential Zone and remove restrictions such as medical centres, places of worship and convenience shops; and<br><br>b) reduce the planning permit threshold to construct one dwelling on a lot from 300 square metres to 200 square metres. |
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### Residential Growth Zone

The proposed Residential Growth Zone reflects most closely the existing Residential 2 Zone, but has been altered to reduce its purpose from high to medium density development, allowing medical, centres, offices, shops and food/drink premises to become 'as of right' to a limited floor area and reduces the lot size for which a planning permit is required to construct or extend one dwelling on a lot from 300 square metres to 80 square metres.

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| <p><b>RECOMMENDATION 5:</b> Master Builders seeks action to:</p> <ul style="list-style-type: none"><li>a) introduce of the Residential Growth Zone and remove restrictions such as medical centres, convenience shops and places of worship; and</li><li>b) reduce the planning permit threshold to construct or extend one dwelling on a lot from 300 square metres to 80 square metres.</li></ul> |
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## REFORMED RURAL ZONES –

### ***ENHANCING THE LIVEABILITY OF OUR TOWNS AND REGIONAL CITIES***

Master Builders broadly supports proposed changes to improve the existing:

- Rural Living;
- Green Wedge;
- Green Wedge A;
- Rural Conservation;
- Rural Activity; and
- Farming Zones.

More people than ever are choosing to call regional Victoria home. Whilst this presents challenges, Master Builders believes it will also provide great opportunities for these communities.

In order to meet changing demographics, it is vital the planning system better facilitate the creation of homes, jobs and economic opportunities in these communities, as well as supporting agriculture and farming uses.

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| <b>RECOMMENDATION 6:</b> | Master Builders endorses the Victorian Government proceeding with proposed changes to existing rural planning zones to better support regional communities. |
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| <b>RECOMMENDATION 7:</b> | Master Builders encourages the Victorian Government to proceed with proposed changes to existing rural zones to:<br><br>a) remove the prohibition on certain retail uses;<br><br>b) reduce or remove permit requirements for tourism uses;<br><br>c) allow new education facilities to be built in rural conservation zones;<br><br>d) cut red tape by increasing the permit exemption threshold for altering or extending an existing dwellings; and<br><br>e) reduce the default minimum lot size in a Rural Living Zone. |
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#### *Specific recommendations for proposed zones*

##### Farming Zone

The Farming Zone recognises agriculture as the dominant land use in rural Victoria and as such, most agricultural uses do not require a planning permit.

Under the proposed changes the zone would be altered to remove 'protection and enhancement of natural resources and biodiversity', reduce restrictions on alterations

and extensions to dwellings and farm buildings and improve retail, commercial and accommodation uses.

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| <b>RECOMMENDATION 8:</b> | Master Builders supports changes to the existing Farming Zone to: <ul style="list-style-type: none"><li>a) reduce restrictions to alterations and extensions to dwellings and farm buildings;</li><li>b) improve retail, commercial and accommodation uses and remove prohibitions on schools; and</li><li>c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.</li></ul> |
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### Rural Activity Zone

The Rural Activity Zone is designed for selected areas where agricultural activities and other land uses can co-exist providing they are compatible with the agricultural, environmental and landscape qualities of the area.

Under the proposed changes the zone would be altered to remove current restrictions frustrating agricultural development.

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| <b>RECOMMENDATION 9:</b> | Master Builders seeks action to implement changes to the existing Rural Activity Zone to: <ul style="list-style-type: none"><li>a) reduce restrictions to alterations and extensions to dwellings and farm buildings;</li><li>b) support more accommodation, retail and warehouse uses; and</li><li>c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.</li></ul> |
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### Rural Conservation Zone

The Rural Conservation Zone protects the natural environment, allowing agriculture provided it is consistent with the environmental and landscape values of the area.

Under the proposed changes the zone would be altered to remove many of the restrictions surrounding alterations and extensions to dwellings and farm buildings and remove prohibition of certain uses.

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| <b>RECOMMENDATION 10:</b> | Master Builders supports changes to the existing Rural Conservation Zone to: <ul style="list-style-type: none"><li>a) reduce restrictions to alterations and extensions to dwellings and farm buildings;</li></ul> |
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- b) provide for new schools and removing prohibition of some uses including accommodation; and
- c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.

### Green Wedge Zone

The Green Wedge Zone recognises, protects and conserves green wedge land.

Under the proposed changes the zone could be altered to include many uses previously listed as Section 3 to be considered Section 2, including place of assembly, accommodation and warehouses.

- RECOMMENDATION 11:** Master Builders endorses changes to the existing Green Wedge Zone to:
- a) exempt more agricultural and farming uses from permit requirements;
  - b) remove prohibitions on schools and medical centres; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.

### Green Wedge A Zone

The Green Wedge A Zone protects conserves and enhances biodiversity, natural resources and heritage values.

Under the proposed changes the zone would be modified to make more agricultural uses and some farming uses exempt from a planning permit.

- RECOMMENDATION 12:** Master Builders advocates for changes to the existing Green Wedge A Zone to:
- a) exempt more agricultural and farming uses from permit requirements;
  - b) remove prohibitions on schools, markets, places of worship and medical centres; and
  - c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.

### Rural Living Zone

The Rural Living Zone provides for residential use in a rural environment. While the zone provides for agricultural activities, the amenity of residential living must be protected.

Under the proposed changes the zone would be altered to reduce the minimum lot size for subdivision from eight hectares to two hectares.

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| <p><b>RECOMMENDATION 13:</b> Master Builders calls for changes to the existing Rural Living Zone to:</p> <ul style="list-style-type: none"><li>a) reduce restrictions to alterations and extensions to dwellings and farm buildings;</li><li>b) reduce minimum lot size for subdivision and construction of a single dwelling from eight hectares to two; and</li><li>c) remove the mandated requirement for a s.173 agreement that restricts future subdivision applications after an initial subdivision is approved.</li></ul> |
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| <p><b>RECOMMENDATION 14:</b> Master Builders calls for rural streets of historical value to be protected under the proposed changes to ensure local tourism industries and businesses can thrive.</p> |
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## REFORMED COMMERCIAL ZONES -

### **SUPPORTING LOCAL JOBS AND BUSINESSES**

Master Builders broadly supports proposed changes to:

- Consolidate the existing Business 1, 2 and 5 Zones into a new Commercial 1 Zone; and
- Amalgamate the existing Business 3 and 4 Zones into a Commercial 2 Zone.

The proposed zones would better facilitate jobs for Victorians close to their own homes, as well as being able to access retail outlets and entertainment. This would boost liveability and sustainability across our communities and ensure businesses can flourish in Victoria.

Master Builders wants to see our state retain its position as an attractive place to invest and do business.



Source: Building Commission Pulse Data

Approvals for both commercial and retail building activity have picked up in recent years following significant drops that took place in the aftermath of the global financial crisis (GFC). In fact, in the two years since 2009/10 approvals for this sector of the building industry has increased nearly 17 per cent in nominal dollar terms to \$4.3 billion in 2011/12.

This increase is a much needed boost for builders, but further efforts to help reduce red tape and encourage activity in this sector of our industry could play a significant role for the industry to return to pre-GFC levels and beyond.

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| <b>RECOMMENDATION 15:</b> Master Builders encourages moves to consolidate the five existing Commercial Zones into new Commercial 1 and 2 Zones, to encourage greater business |
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investment in our communities and provide opportunities for local residents.

*Specific recommendations for proposed zones*

Commercial 1 Zone

Under the proposed Commercial 1 Zone, the following permitted uses are:

- No permit required for accommodation, child care centres, cinemas, education centres, exhibition centres, places of worship, offices;
- A permit is required for warehouses and industry; and
- Corrective institutions, major sports and recreation facilities and motor racing tracks are all prohibited.

**RECOMMENDATION 16:** Master Builders endorses proposed changes under the proposed Commercial 1 Zone to remove:

- a) permit requirements for retail uses, accommodation and exhibition centres;
- b) conditions for education centres and offices; and
- c) floor area restrictions.

Commercial 2 Zone

Under the proposed Commercial 2 Zone, the following permitted uses are:

- No permit required for cinemas, food and drink premises, certain industry, mail centres, postal agencies, office, shops, supermarkets with a leasable floor area over no more than 2,000 square metres, trade supplies and some warehouses;
- A permit is required for an education centre, materials recycling and some retail premises; and
- Dwellings, hospitals, major sports and recreation facilities, motor racing tracks are all prohibited.

**RECOMMENDATION 17:** Master Builders supports moves under the proposed Commercial 2 Zone to remove permit requirements for:

- a) cinemas, food and drink premises, certain retail premises, trade supplies;
- b) maximum floor area restrictions for offices; and
- c) exemptions for small-scale supermarkets.

## REFORMED INDUSTRIAL ZONES –

### **SUPPORTING OPPORTUNITIES AND INVESTMENT**

Master Builders broadly supports proposed changes to:

- Improve the existing 1, 2 and 3 Industrial Zones.

Like commercial, improving industrial development helps support people who want to work close to home.



Source: Building Commission Pulse Data

The value of industrial works approved has steadily grown following a sharp drop around the time of the sharp worldwide economic downturn. Since 2008/09, the nominal value of industrial building approvals has increased 13 per cent to \$464.9 million in 2011/12.

Similarly with commercial and retail approvals, it is pleasing to see approvals here increasing but they do remain lower than pre-GFC levels. Supporting the use of industrial zones in an appropriate manner may assist in continuing to build confidence in this sector of the building industry.

**RECOMMENDATION 18:** Master Builders welcomes moves to:

- a) remove default floor space area restrictions for offices in the industrial zones; and
- b) allow supermarkets up to 2,000 square metres and supporting shops to in the Industrial 3 Zone.

## IMPLEMENTATION CHALLENGES

### *Local councils*

Under the proposed changes, councils have been given greater discretionary powers in determining how land is zoned.

For example, there are numerous references to the term 'where appropriate' in the fact sheets. These need to be further defined, as leaving it open to councils to determine will neither resolve delays in the decision making process nor provide greater certainty, aims at the core of these reforms.

If Melbourne is to retain its liveability status and sustain population growth into the future, it is vital sufficient land across the city is zoned appropriately to cater for this growth. While each municipality has a role to play within its own boundaries, the Victorian Government should ensure sufficient areas of land are zoned appropriately across the city to ensure growth can be accommodated in accordance with its own plans and policies. Master Builders believes this could be achieved by the state enacting targets for councils regarding the proportion of their municipality required for each type of residential and activity centre zone.

**RECOMMENDATION 19:** Master Builders calls for:

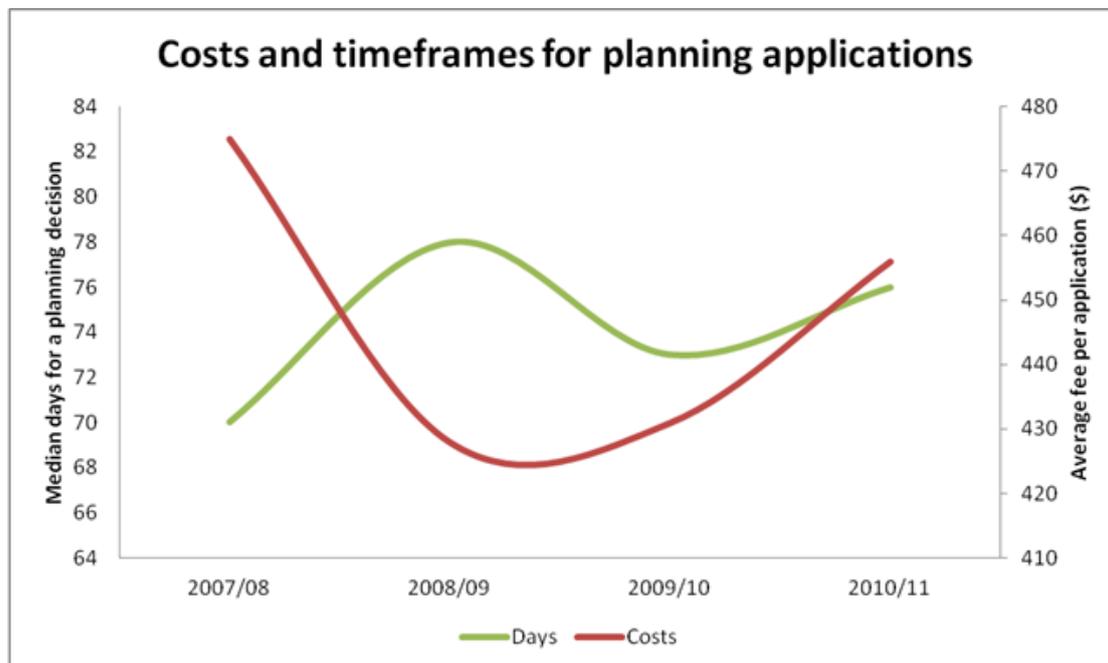
- a) appropriate incentives or penalties to be applied to councils that fail to work within the government's broader planning vision for Victoria; and
- b) government to encourage councils to enter into meaningful discussions with their local communities about reforming local zones as well as neighbouring councils to ensure a holistic regional approach to zoning takes place;
- c) the Minister for Planning to ensure that overall population growth needs are catered for by retaining a defined role in the planning process and instituting targets for each residential zone that councils must strive to achieve.

### *Planning Delays*

Delays in the planning system continue to be a significant issue confronting the building industry. With a significant proportion of small and medium size businesses involved in the sector, cash flow represents enormous challenges and many councils simply fail to understand or acknowledge the financial issues that can arise from planning delays and indecision. It has been estimated that the cost to businesses arising from planning delays alone in 2009-10 was \$183 million.

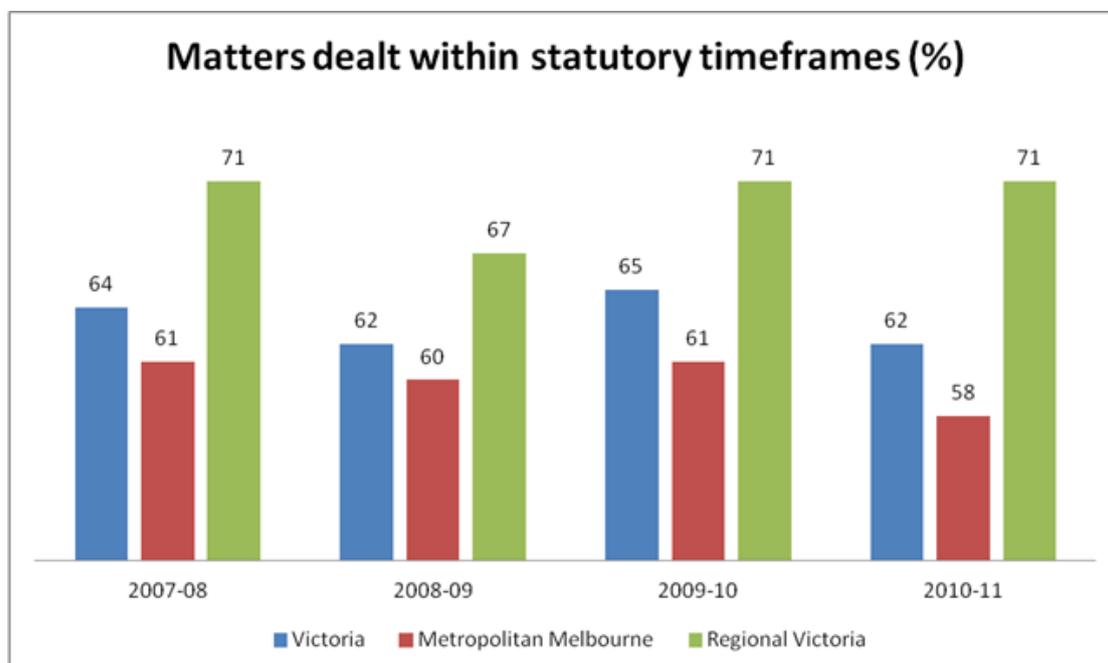
There is currently no system in place to either encourage councils to make timely decisions or to create disincentives to prevent excessive delays or failures to reach a decision at municipal levels. As a result, the Department of Planning and Community Development's own figures show that the costs of Victoria's planning system are

increasing while the average number of days required to get a decision also rises – so councils are now charging more while also taking longer to make decisions.



Source: Planning Permit Activity in Victoria reports 2007/08-2010/11

In 2010/11 alone, the average days for a decision increased 4 per cent to 76 days while the average fee per application climbed 6 per cent to \$456. The proportion of permits dealt within statutory timeframes is also on the decline across Victoria as a result of metropolitan municipalities.



Source: Planning Permit Activity in Victoria reports 2007/08-2010/11

Action is required to ensure councils are not only making sound decisions consistent with broader State Government planning policies, but to also ensure such determinations are made in a timely manner. While a delay can cost a builder significant sums of money and threaten jobs in our industry, there is currently little

motivation or incentive for councils to seek to resolve matters in a sensible timeframe.

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| <p><b>RECOMMENDATION 20:</b> Master Builders calls for the Victorian Government to investigate options that will lead to local councils making sound and timely planning decisions in accordance with state-wide planning policies.</p> |
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### *Referral Agencies*

Planning delays can also arise commonly as a result of state referral authorities, such as those in the water, environment, emergency services, transport fields, in accordance with planning and environment legislation.

Similarly to councils, there appears to be little in the way to encourage referral authorities to make determinations, with legislation providing an ability to seek extensions from the Minister when considering matters.

Members also raise concerns with the manner in which referral authorities consider positions on decisions referred to them, reporting that some seem to have a policy of refusing and fighting a large proportion of proposals under their consideration. Other members report that many referral authorities appear to be fearful of creating precedence for future proposals.

Little to no data appears to be publicly available that shows the number of decisions made by referral agencies, what their final decisions were (i.e. if additional conditions were requested and granted in order for projects to proceed) and what the results of such determinations were to the delivery of building projects or other related planning matters.

Why there is no doubt a need for the use of referral authorities, action is required to ensure these government agencies are accountable for the decisions they make and for government to better understand the financial implications this is placing on the building industry and more broadly across the economy.

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| <p><b>RECOMMENDATION 21:</b> Master Builders seeks action by the Victorian Government to encourage referral authorities to make timely and sound decisions regarding planning matters by:</p> <ul style="list-style-type: none"><li>a) publicly releasing, on an annual basis, details of planning decisions made by referral authorities that cover the timeliness of such decisions and the outcomes sought such as additional planning conditions; and</li><li>b) encouraging referral authorities to better engage with industry and to undertake professional development opportunities that better empower their staff to make decisions within a sensible timeframe.</li></ul> |
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*Greater consistency, less complexity and timeliness*

Master Builders wants to ultimately ensure that the outcomes of reforming Victoria's planning zones results in greater consistency in their application across the state, simplify planning schemes at the local level and encourage more timely decisions.

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| <p><b>RECOMMENDATION 22:</b> Master Builders calls for the Victorian Government to ensure planning zone reforms introduced are:</p> <ul style="list-style-type: none"><li>a) applied consistently across the state;</li><li>b) simplify planning schemes at the local level; and</li><li>c) encourage more timely decisions to be made.</li></ul> |
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