



EMPLOYMENT ZONES REFORM

Submissions Report

Employment Zones Reform Submissions Report

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Contents

Introduction	1
Background	1
Overview of feedback	2
Response overview	2
Issues raised by stakeholders	3
Local Government	4
Community.....	8
Industry and Peak Groups	9
Consultant Planners	13
Academics	13
Next Steps.....	14
Policy finalisation	14
Implementation	14
For more information	14

Introduction

The NSW Department of Planning, Industry and Environment (the department) has reviewed the current Business and Industrial zones to deliver a new employment zones framework. The new employment zones seek to replace the existing business and industrial zones with contemporary, fit for purpose zones and land use tables. The new employment zones provide clarity around application, increase land use flexibility, and support strategic planning.

This update has delivered a simplified framework that:

- supports the future of work
- promotes productivity and jobs growth, and
- delivers the community's objectives set through strategic plans and planning priorities.

The department sought feedback on the employment zones framework which went on public exhibition from 20 May 2021 until 30 June 2021. Comment was sought on:

- the Proposed Employment Zones Position Paper
- Draft Standard Instrument Principal Local Environmental Plan Amendment Order
- Employment zones Implementation Plan, and
- Proposed Land Use Matrix

This report provides an overview of the formal submissions received from the community and stakeholders during the exhibition of the draft employment zones framework. The department received 130 submissions from local government, industry and peak groups, consultant planners, community, and academics. Six of the 130 submissions were form letters, with the remaining 124 free form submissions. Most of these submissions indicated qualified support for the reforms, with a handful raising objections.

The submissions received during the exhibition period are discussed below in more detail and will inform the new employment zones framework.

Background

Throughout 2020 and 2021 the department undertook extensive research developing a quantitative and qualitative evidence base to inform the proposed framework. This work built upon existing employment lands research and policy undertaken by the NSW Government relating to the retail and industrial sector.

The department undertook an extensive consultation program to inform the exhibition documents and included:

- an online survey and workshops with all NSW councils
- meetings with peak, industry, and community stakeholders, and
- establishing an Expert Advisory Group to give high level independent advice and expertise on emerging trends in commercial, creative, retail, and industrial business, employment lands, domestic and global logistics, economics, and land use planning.

A summary of all consultation activities and feedback is provided in the *Proposed Employment Zones Framework Position Paper*.

Overview of feedback

The department received 130 submissions on the proposed employment zones framework.

Overall, 86 per cent of these submissions broadly supported the reform, with the following themes raised most:

- feedback on the proposed zones, translation of the old zones to the proposed framework and mandated uses
- implementation approach including timeframes and support for councils provided by the department
- definitions and objectives, and
- zone names.

Most of these responses were received through the department's website and the planning portal.

- 94 received through website/planning portal, and
- 36 received by email.

Response overview

Table 1 – Number of submissions received by stakeholder group

Stakeholder	Submissions received	Overall tone
Local Government	65	<ul style="list-style-type: none"> • 82 per cent support • 18 per cent oppose
Community	10	<ul style="list-style-type: none"> • 70 per cent support • 30 per cent oppose
Industry and Peak Groups*	47	<ul style="list-style-type: none"> • 96 percent support • 4 percent oppose
Consultant planners	6	<ul style="list-style-type: none"> • 83 per cent support • 17 per cent oppose
Academics	2	<ul style="list-style-type: none"> • 100 per cent support

*includes six form letters

Industry and Peak Groups had the highest level of support for the reforms followed by consultant planners and local government. A breakdown of stakeholder support levels is provided in Figure 1.

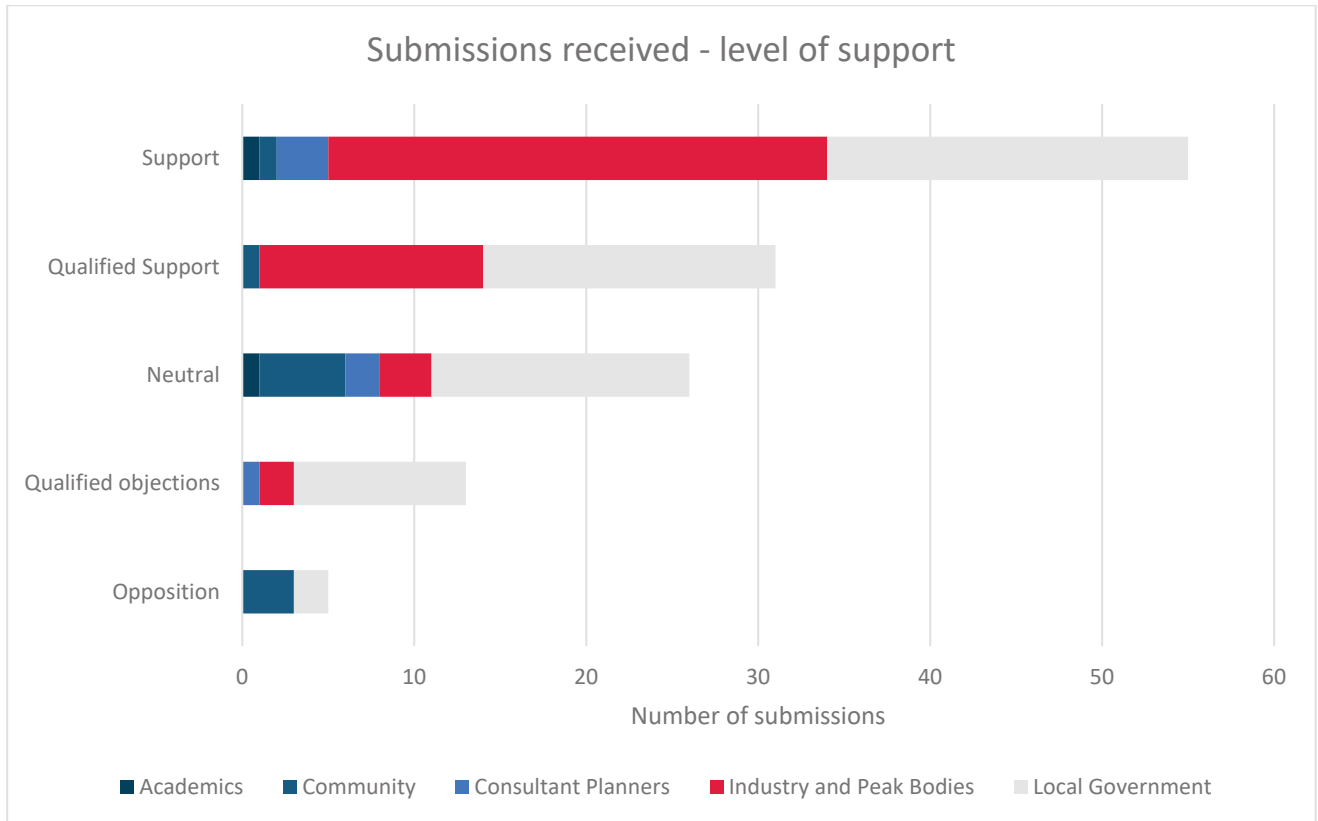


Figure 1 – Tone of submissions received

Issues raised by stakeholders

Across all submissions the following themes were raised the most and were common across all stakeholder groups:

- feedback on the proposed zones, translation of the old zones to the proposed framework and mandated uses
- implementation approach including timeframes, departmental involvement and support for councils provided by the department, and
- definitions and objectives.

Figure 2 provides a breakdown of the key themes raised by each stakeholder groups.

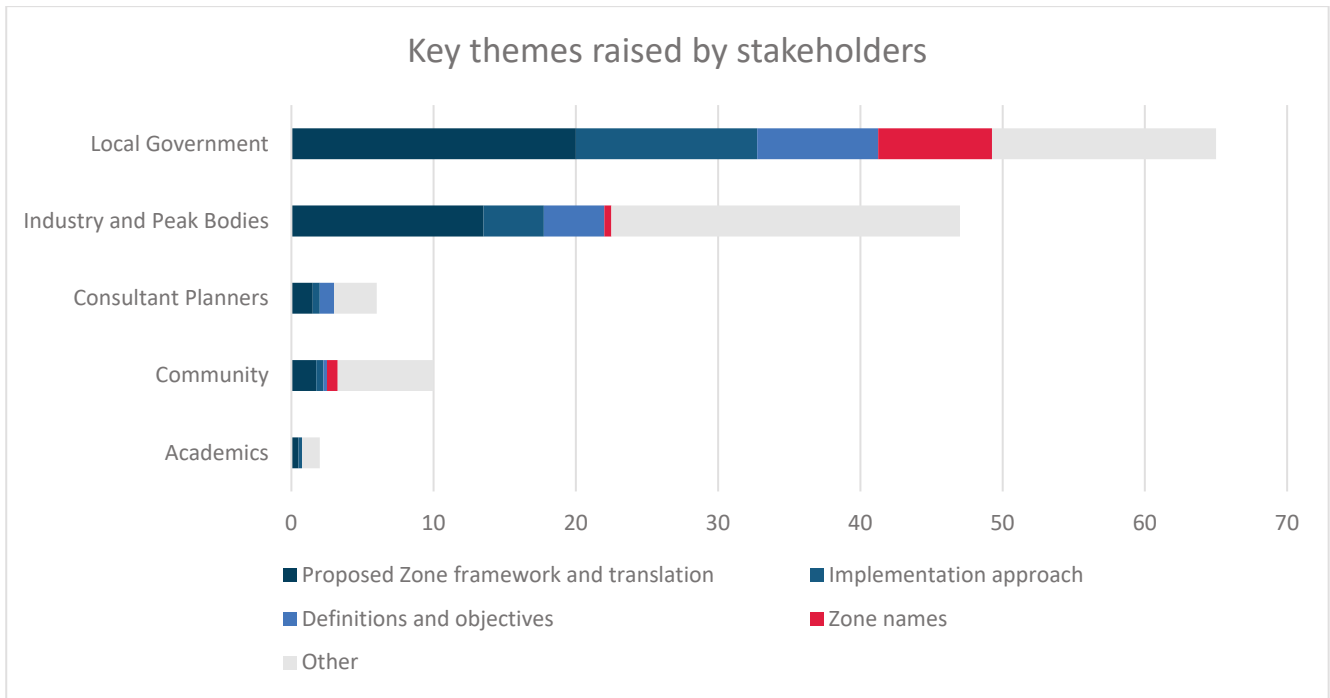


Figure 2 Key themes raised by stakeholder group

Local Government

The main themes and issues raised by Local Government were:

- proposed zone framework and translation of existing local environmental plans (LEPs)
- definitions
- implementation, and
- zone names.

Proposed employment zones framework and translation

Local Government submissions provided commentary on the proposed framework and the translation of their current Business and Industrial zones into the proposed framework. Issues raised included specific commentary on aspects of the proposed framework within their local government area or relating to a specific site.

Of the proposed framework, SP4 Local Enterprise and E3 Productivity Support were discussed the most, followed closely by MU Mixed Use then E1 Local Centre and E2 Commercial Centre. Of the existing zones, business zones were raised more than industrial zones. Some of the issues raised for consideration are in Table 2.

Table 2 – Points of consideration raised in proposed zone framework

Zone	Points of consideration
SP4 Local Enterprise	<ul style="list-style-type: none"> • Some support for the zone, including the opportunities the zone present to deliver place-based planning and improved outcomes in unique areas. • A few councils raised concerns that this zone undermines consistency of the standard zones across the State. • Some clarification sought about how the zone might work, what the criteria might be for its use, and how it will work with State Environmental Planning Policies.
Centre's hierarchy	<ul style="list-style-type: none"> • Some council submissions raised concerns that reducing the number of zones undermines centres hierarchy in their local government areas. • Some councils raised concerns that reducing zones undermines councils' ability to support placemaking and manage out of centre development. • In particular, some councils raised concerns about the collapsing of B1 and B2 to create E1 Local zone. These concerns included: <ul style="list-style-type: none"> ○ councils would no longer be able to effectively differentiate centre types ○ the new E1 zone may undermine the viability of established local centres, and ○ the additional mandated uses in E1 are inappropriate for some smaller local centres currently zoned B1.
E3 Productivity Support	<ul style="list-style-type: none"> • Mixed feedback about this zone. Some councils supported the zone as it provides a transition between centres and industrial areas and provides employment opportunities closer to home. • A few councils raised concerns that the name of the zone is unclear, and that it oversimplifies the zoning system. • Councils provided a range of feedback on the mandated uses located in this zone such as specialised retail premises, vehicle body repair workshops and vehicle repair stations and tourist and visitor accommodation. • In particular, some submissions raised concerns that mandating specialised retail premises in E3: <ul style="list-style-type: none"> ○ has the potential to significantly change and impact upon the function of centres and localities ○ displace traditional industrial/urban services uses, and potentially office uses ○ may lead to a further erosion of commercial activity in town centres, and the exclusion of true industrial and urban services from business parks.

MU Mixed Use	<ul style="list-style-type: none"> • General support for the strategic intent to be mixed use rather than one dominate use, such as residential. • A few councils questioned how true mixed use will be achieved as currently the B4 Mixed Use sometimes functions as a residential zone.
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Definitions

Local Government submissions provided commentary on the current definitions in the Standard Instrument, and on the proposed new and updated definitions. This included how the new definitions might work in the proposed new zoning framework, and how they might impact on existing uses. The definitions that received the most commentary was shop top housing, the new creative industry definition, and the proposal to consolidate several existing definitions.

Table 3 – Points of consideration raised about the proposed new and updated definitions

Definitions	Points of consideration
Shop top housing	<ul style="list-style-type: none"> • There was broad support for the changes to the shop top housing definition to allow ground floor commercial premises and health services facilities. • Some councils supported changes to allow for other uses to be included, especially those that promoted an active street frontage. • One council raised concerns that the change could allow for a range of non-retail uses, such as serviced apartments, which would undermine active street frontage.
Creative Industries	<ul style="list-style-type: none"> • Most councils supported the intent of the creative industries definition. • Some councils provided feedback on the wording of the definition: <ul style="list-style-type: none"> ○ some found the definition was too broad, and ○ some suggested other uses that might be included, for example recording and rehearsal studios. • There was mixed support for creative industries being a sub-term of light industry. • Some councils expressed concern that creative industries may compromise industrial and urban services land and argued for creative industries to be a standalone definition and not a sub-term of light industry.

<p>Consolidated definitions</p> <ul style="list-style-type: none"> • home improvement retail premises • trades retail premises • storage and distribution premises • self-storage units 	<ul style="list-style-type: none"> • There was mixed support for the consolidated definitions. • Some councils saw merit in the idea of consolidating some definitions and decoupling of self-storage units. • Others raised questions of implementation and instances where the current land use terms have different permissibility in land use tables, especially for home improvement retail premises and trades retail premises. • Concerns were raised about impacts on non-employment zones such as residential and rural zones and confusion and overlap between the consolidated definitions.
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Implementation

Local Government submissions provided feedback on many aspects of the implementation plan. Matters of concern included funding and resourcing, timeframes on the review of land use tables and to implement the framework, and the relationship with other reforms such as comprehensive Local Environmental Plan (LEP) reviews and the changes to *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008* (Codes SEPP).

Table 4 – Points of consideration raised about implementation

Implementation	Points of consideration
Funding and resources	<ul style="list-style-type: none"> • Most councils appreciated the support offered by the department to implement the proposed changes. • Some councils raised that funding the resourcing impacts on local councils needs to be included as a key action in the Implementation Plan. • Most councils raised that the reform will require councils to undertake significant work at the local level to implement the merged zones.
Timeframes	<ul style="list-style-type: none"> • Most councils expressed concerns that the timeframe proposed to implement the changes is inadequate. This included concerns about: <ul style="list-style-type: none"> ○ time to review the proposed translation into the new framework provided by the department ○ time required for councillors to be briefed and consider reports, and ○ adequate time to consult the community about the changes. • Some councils sought clarification on the roles and responsibilities of the different stages within the process due to impacts on timeframes and resourcing. • Some councils sought clarification over tranche 1 and tranche 2.

<p>Relationship with other reforms including:</p> <ul style="list-style-type: none"> • LEP reviews • the Codes SEPP 	<ul style="list-style-type: none"> • Some submissions suggested that there needs to be a more coordinated approach to reviewing the Standard Instrument, including aligning with comprehensive LEP reviews. • Several submissions raised that the department has a large reform program which should be better coordinated as it is difficult for councils to establish how each set of reforms may align or overlap, and the extent of impact on local government strategic planning and development assessment. • Some councils argued that the zones reform and Codes SEPP reform should be presented as one reform and that the timing should align.
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Zone names

Local Government, Industry and Peak Bodies and community submissions all shared concerns about the introduction of 'e' prefix for employment zones and the subsequent confusion with the current environmental zones. Most submissions raising this concern requested the department use a different prefix. Suggestions included 'P' for Productivity, 'J' for Jobs or 'EM' for Employment.

In particular, local government submissions raised the impact on existing documentation such as planning certificates and contribution plans, and the work required to realign all council documentation for perceived little benefit of the name change.

Community

The department received 10 submissions from community members and groups about the reforms. The themes raised were varied and included concerns about over development, community consultation, confusion with environmental zones and local amenity. The two themes and issues raised the most were:

- the proposed zone framework and translation of existing zones, and
- implementation.

Proposed zone framework and translation

Some submissions provided feedback on industrial zones and how they could be impacted by retail and commercial uses edging into the zones. Loss of industrial zoned land was also raised as a concern with Build to Rent (BTR) seen as a threat to industrial land. In particular, the two zones raised were SP4 Local Enterprise and MU Mixed Use. Table 5 provides more detail of the commentary about issues raised with some of the proposed SP4 Local Enterprise and MU Mixed Use zones.

Table 5 – Points of consideration raised in proposed zone framework

Zone	Points of consideration
SP4 Local Enterprise	<ul style="list-style-type: none"> • One submission raised concerns that the zone being applied to larger industrial areas would undermine planning protection and certainty of industrial zoned land, as it could be used by Government to facilitate large-scale urban renewal redevelopments. • Several submissions noted that allowing Build to Rent (BTR) in industrial zones could be exploited as a loophole by developers, who may seek to have industrial land transitioned and developed as residential. (Note: BTR is not part of this reform, it forms part of the new Housing State Environmental Planning Policy).
MU Mixed Use	<ul style="list-style-type: none"> • One submission noted that seniors housing should not be restricted to the mixed-use zone, seniors housing could be acceptable in E1, E2 and E3 (Note: Seniors Housing is not part of this reform, it forms part of the new Housing State Environmental Planning Policy). • One submission noted that transit-oriented development should be a feature of the zone.

Implementation

The community provided feedback on the implementation of the reforms and the affect they may have more widely on the planning system. Impacts on the development application process was also raised as a concern.

Table 6 – Points of consideration raised for implementation

Implementation	Points of consideration
Planning system	<ul style="list-style-type: none"> • Development changes should occur only by going through the traditional development application process. • One submission raised the concern that planning decisions could be rushed through for commercial gain which will adversely impact the community and will be difficult to reverse.

Industry and Peak Groups

Overall, the submissions received from Industry and Peak Groups were diverse in the issues raised. Many of the submissions were site specific, raising local issues that sometimes went beyond the reforms.

The themes and issues raised most by Industry and Peak Groups were:

- proposed zone framework and translation of existing zones
- mandated uses
- objectives, and

- implementation of the new employment zones framework.

Proposed zone framework and translation

Industry and Peak Groups provided feedback on the translation of zones and the likely impact this could have on the viability of retail and commercial ventures.

Of the proposed framework, SP4 Local Enterprise and E2 Commercial Centre were discussed the most, followed closely by E3 Productivity Support. Of the existing zones, business zones were raised more than industrial zones. Some of the issues raised for consideration are in the table below:

Table 7 – Points of consideration raised in proposed zone framework

Zone	Points of consideration
SP4 – Local Enterprise	<ul style="list-style-type: none"> • There was broad support for the zone. Mainly, that it creates flexibility to encourage activities that don't fit into other zones. • Several submissions noted that the zone should be properly applied, and the department needs to ensure that it doesn't become overly prescriptive. For example: <ul style="list-style-type: none"> ○ one submission noted that without proper oversight, this zone could be applied by councils in a manner which creates an excessive number of overly restrictive land use prescriptions. • Another submission noted that all employment related land uses (excluding high impact industrial activities) should be mandated as permissible with consent and residential could be prohibited by councils, but not mandated as prohibited.
E2 Commercial Centre	<ul style="list-style-type: none"> • Submissions showed mixed support for the zone. Some submissions supported the creation of a single zone for major commercial centres, while others raised concerns about the potential loss of residential development. • One submission noted that residential uses should only be approved where appropriate, and that commercial centres are already undermined by BTR. (Note: BTR is not part of this reform, it forms part of the new Housing State Environmental Planning Policy). • Some submissions raised concerns that this zone saw the loss of residential uses, and did not support limiting BTR as it may create an unbalanced zone (Note: BTR is not part of this reform, it forms part of the new Housing State Environmental Planning Policy).

E3 Productivity Support	<ul style="list-style-type: none"> • The strategic intent of this zone was generally supported across industry and peak group submissions. • Several submissions stated that residential uses should not be prohibited as a blanket rule. • There was broad support for specialised retail premises to be mandated as permissible uses in the zone. • Some submissions raised concerns that because councils can identify the range of uses allowed, there could be a trend for more retail and commercial uses based on the current employment land trends. • One submission noted that where the new zone objectives better reflect the desired or existing land use composition of an area, councils should be encouraged to transition existing IN1 General Industrial and IN2 Light Industrial land to E3 Productivity Support.
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Mandated Uses

Of the Industry and Peak Group submissions that raised mandated uses, most focused on allowing 'neighbourhood supermarkets' and 'shop top housing' more widely, and the importance of open zones in allowing for flexibility within a zone. Table 8 provides more detail of the issues raised with the mandated uses.

Table 8 – Points of consideration raised about mandated uses

Mandated uses	Points of consideration
Neighbourhood supermarkets	<ul style="list-style-type: none"> • Support by some submissions for neighbourhood supermarkets to be mandated in E3 to reflect smaller 'metro style' supermarkets. • Some submissions requested neighbourhood supermarkets be included as a permissible use in the E3 zone and that councils should not be able to restrict the floor area of a neighbourhood supermarket in the zone.
Shop Top Housing	<ul style="list-style-type: none"> • Submissions showed broad support for shop top housing as a mandated use in the E1 zone provided that it does not overtake the objective of the zone which is to provide for retail, business and community uses. • Some submissions wanted shop top housing permissibility to go further and allow, in some circumstances, residential ground floor units, to improve ground floor activation, particularly on local roads.

Open zones	<ul style="list-style-type: none"> • There was broad support for employment zones to be open zones to allow for flexibility and reduce the number of spot-rezonings. • One submission noted that removing shops from 'business premises' was restrictive, reducing a broad number of retail uses currently permissible in B6 (future E3). • One submission noted that IN1 and IN2 zones are open zones, as the permitted uses include the statement and 'any other development not specified in item 2 or 4' and this should be retained for the E4 zone. • One submission noted that business parks need residential activation and that the reform does not allow for this thereby not achieving the Productivity Commission's White Paper's recommendation of "consolidating and increasing flexibility of employment and industrial zones to accommodate new businesses".
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Objectives

E3 objectives was a key area of focus for Industry and Peak Group submissions. Most submissions raised that some of the objectives limited retail uses and were anti-competitive and may hinder employment generation. More detail is found in Table 9.

Table 9 – Points of consideration raised about objectives

Objectives	Points of consideration
E3 Objective - <i>To provide for land uses that meet the needs of the community, businesses and industries that are not suited to locations in other employment zones</i>	<ul style="list-style-type: none"> • There was limited support for E3 objectives where they prevent retail uses rather than facilitate specific forms of retail development. • Some submissions found the E3 objective which requires that land uses "are not suited to locations in other employment zones" was overly restrictive and requested it be removed as an objective.
E3 Objective - <i>To provide for land uses that are compatible with, but do not compete with, land uses in surrounding local and commercial centres.</i>	<ul style="list-style-type: none"> • Many submissions found the objective to be anti-competitive and inconsistent with objectives to support employment generation and economic sustainability. • Some submissions noted that the objective does not help clarify the objectives of the E3 zone and requested it be removed.

Implementation

Industry and Peak Groups provided feedback on implementation of the reforms. Issues raised focussed on which councils would form part of tranche 1 and 2, the continued management of the reforms by the department to minimise the risk of down-zoning through translation, maintaining strict timeframes, and questions about the self-repealing SEPP.

Table 10 – Points of consideration raised for implementation

Implementation	Points of consideration
Tranche 1 and 2	<ul style="list-style-type: none"> • Clarification was requested by many submissions with respect to which councils will form part of tranche 1 and tranche 2.
Ongoing support from DPIE	<ul style="list-style-type: none"> • There was strong support for the ongoing involvement of DPIE to implement the reforms using a self-repealing SEPP. • There was strong support for departmental oversight of implementation to ensure that correct land-use decisions are made in translating the employment zones.
Zone translation	<ul style="list-style-type: none"> • Some submissions raised concerns about councils downzoning or incorrectly translating existing zones. • One submission noted the reforms need to be considered in the context of existing industrial precincts and the potential implications of a broad-brush approach to changing permissible land uses. • Another submission noted that the reforms must provide clear, definitive, and well-defined criteria on how existing employment zones will be translated to the new zones to ensure certainty to plan for future investment.
Self-repealing SEPP	<ul style="list-style-type: none"> • Some submissions requested more information on how the self-repealing SEPP will work in practice. • Some submissions requested that the department provide updates on the development of the implementation tool kit.

Consultant Planners

Six submissions were received from Consultant Planners. Most commentary was on the proposed zoning framework and how existing zones might be translated, especially E4 General Industrial and E3 Productivity Support. Definitions and the zone names were also discussed. There was also some commentary on specific sites and how they might be translated into the new framework.

Academics

Two submissions were received from academic groups. Both submissions supported the reforms. The main themes raised in these submissions were how the reforms will benefit specific development the university has underway, commentary on the proposed reforms including the relationship with residential zones, other State Environmental Planning Policies, how to achieve mixed use and the SP4 Local Enterprise Zone.

Next Steps

Policy finalisation

All submissions received by the department have been considered. This feedback has helped shape and refine the proposed employment zones framework.

The submissions received by the department represent different views of a diverse group of stakeholders. The policy finalisation seeks to balance these different interests and views in the final employment zones framework.

With this in mind, the department:

- has reviewed the land use terms and based on feedback will not proceed with the exhibited consolidation of land use term definitions
- has reworked objectives to better reflect the strategic intent of the finalised zones
- will provide further direction on the purpose, application, and criteria to be considered when seeking to apply the proposed SP4 Local Enterprise Zone
- has reviewed the land uses that are permissible in each zone in response to comments and remove certain mandated land uses that were considered incompatible with the strategic intent of a zone, and
- is exploring additional mechanisms to manage land use conflicts that may arise from increasing the permitted uses within the new land use zones.

Implementation

From here, the department will publish the new employment zones framework in an Amendment Order to the Standard Instrument - Principal Local Environmental Plan ahead of implementation within individual local environmental plans. The timing for this anticipated to be mid-September 2021.

When the Amendment Order is published (introducing the new employment zones framework into the SI Principal LEP), the department will provide councils for review proposed zone translation including:

- draft land use tables that have been compiled from the mandated aspects within the Amendment Order as well as existing LEP land use tables, and
- recommendations around local provisions, schedule 1 additional permitted uses and planning proposals currently in train.

The translation detail will be supported by a Toolkit and Implementation Plan to guide councils during the transition process as well as a Community Guide on the Employment Zones reform for communities.

For more information

The department welcomes any questions or inquiries. If you would like more information about the employment zones reform or this stakeholder report, please email the Employment Zones Reform team at employment.zones@planning.nsw.gov.au.