



30 June 2021

Department of Planning, Industry and Environment
Locked Bag 5022
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To Whom It May Concern

SUBMISSION – DRAFT PROPOSED EMPLOYMENT ZONES FRAMEWORK, MAY 2021

We refer to the updated 'Employment Zones Framework' (planning reforms) on exhibition by the Department of Planning until 30 June, proposing zoning update to employment zones within NSW.

As Australia's largest owner, manager and developer of industrial property, with \$18 billion in Assets Under Management across 157 properties in NSW alone, Goodman has key interest in the State's planning framework and its impact on delivery of job creating development. Goodman's industrial facilities provide employment for local communities and support economic growth.

Goodman is encouraged by the Department's 'open zones' approach to enhance land use flexibility throughout NSW through the planning reforms and acknowledges there may be benefit in reducing and simplify employment zones. There is also advantage in increasing consistency of permissible uses in Local Environmental Plans throughout NSW. While the planning reforms propose mandating the inclusion of numerous new uses within employment zones in the Standard Instrument LEP, many of these additional uses are already included by Councils in their current LEP's, and as such the impact of the planning reforms, as currently proposed, are anticipated to be limited in effect.

We agree it is appropriate for heavy industrial use (IN3 / E5) to continue to be separated from other land uses however, in our view, this is the only land use which requires separation from other uses – all other land uses have the potential to operate alongside one another with considered design. It is therefore questioned whether the planning reforms go far enough in truly expanding land use flexibility. A failure to properly expand compatible adjacent land uses is considered a missed opportunity. An example includes 'shops', which will not be a mandated permissible use in new E3 zone. For the proposed reforms to truly result in 'open zones', greater expansion of permissible uses within the employment zones should be adopted.

Alignment with the clear direction of the modern digital economy will critically ensure long term productivity objectives are achieved. Goodman has the following recommendations for additional mandated uses within employment zones, for real measurable benefit to NSW planning beyond maintaining the status quo.

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Industrial uses

The following uses should be permissible within the new E4 (General Industrial) zones:

- Ancillary retail should be permitted alongside and ancillary to 'warehouse and distribution' use, rather than merely the current 'industrial retail outlets' use which only permits the sale of goods manufactured in host warehouses. Provided the primary use of the facility remains that of 'warehouse and distribution', there should be no reason for an ancillary adjacent retail component to occur permitting the sale of goods stored within the warehouse. A maximum percentage of GFA associated with the retail component could be mandated to ensure the primary 'warehouse and distribution' use is maintained. It should be noted that the demand for 'warehouse and distribution' space means this use would not be threatened or displaced by ancillary retail uses, and does not therefore need to be *protected*, the justification often given for its prohibiting retail uses. A retail component within a 'warehouse and distribution' facility would also increase employment generation potential compared to only warehouse use.
- 'Click and collect' use enabling online purchases to be collected from warehouses facilities should be clarified as permissible in the planning reforms. While not seeking a change to the primary 'warehouses and distribution' use, online purchases could be collected by customers via designated collections windows, separated from heavy vehicle movements. Allowing this 'click and collect' use as permissible, while not jeopardise the primary 'warehouse and distribution' function, would provide greater operational flexibility for tenants and online customers to pick up goods directly from where it's stored. This would save time and reduce unnecessary supply chain vehicle trips.

Commercial

- 'Shops' are proposed to be removed as a type of 'business premises', effectively removing a broad range of retail options currently permissible in the existing B6 (future E3) zones. This reduction in permitted use goes against the Department's intention of expanding compatible uses and creating 'open zones' and enhanced land use flexibility, particularly as this reform has no evident benefit. In an era where the take up and success of retail premises are dwindling, the zones where retail use are permissible should expanded rather than diminished as proposed. This reform will further reduce the resilience of retail in NSW and should be therefore be abandoned.
- Residential land use should be expanded into employment zones like future E1, E2, E3 zones (former B1, B2, B3, B5, B6, B7). While it is acknowledged that a minimum percentage of employment GFA may need to be mandated to ensure the primacy of employment uses within these zones, rather than being incompatible, residential uses would activate these zones and should therefore be considered. An example of this is Macquarie Park (future E2 & E3 zone), which will continue to resemble a business park without residential activation. Bringing residents into the precinct would stimulate and increase feasibility of alternative employment options beyond offices i.e. entertainment, restaurants, bars, shops, other businesses largely dependent on residents. Genuine land use mix within these precincts would help them survive and thrive, leading to a viable '18 hrs city' for residents able to 'work, live, play' within the single precinct. Such activated precincts would also lead to a reduced car dependence.



The delivery of the planning reforms should include administrative mechanism to ensure errors occurring in the Councils' roll out of the reforms, such as where a particular use is unintentionally left off updated LEP, can be rectified. This would remove the alternative planning proposal pathway which would take an unacceptable time to complete.

We would like to emphasise both the environmental and economic benefits of more flexible land uses. The ability to co-locate a wider variety of land uses together will cut down on vehicle dependency with shortened supply chain and workers able to live closer to work. This would also lead to reduced traffic, travel times and vehicle emissions, and enhanced productivity and quality of life. Efficient land use consolidation reduces urban sprawl, with less land needed to fulfill the same function. With a move of global cities towards greater land use flexibility and consolidation, there is concern that Australia may be left behind and less international competitive if it continues to hold on to outdated ideals of land use planning.

In summary, while the Department is commended for its attempt at simplifying NSW employment zones, it could go further by permitting an even greater mix of compatible uses within zones facilitated by merit-based assessment. Restricting land uses within narrow bounds suppresses economic activity, environmentally sustainable development, land values, and commercial rents. As there is such a change in market demand for varying land uses due to new technologies, innovation and trends, there is significant challenge in anticipating the appropriate land mix in the short to medium term. For this reason, there should be a genuine flexibility and expansion of permitted compatible uses within zones to accommodate this uncertainty and enable efficient delivery of future development, rather than merely a zoning name change which largely maintains the status quo. The Department is encouraged to be bolder with the planning reforms and expand permitted land uses as proposed above.

We recommend that Goodman and the Department continue to collaborate in finalising the planning reforms and invite the Department to contact Goodman Planning Manager, [REDACTED] in order to do so.

Yours Sincerely,

[REDACTED]

Jason Little
General Manager Australia