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Australia's property industry

## Creating for Generations

7 July 2021

Aoife Wynter  
Director, Employment Zones Reform  
Department of Planning, Industry and Environment  
By email to [employment.zones@planning.nsw.gov.au](mailto:employment.zones@planning.nsw.gov.au)

Dear Ms Wynter,

The Property Council welcomes the opportunity to provide comment on the Proposed Employment Zones Framework and supporting documents.

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes, including residential, industrial, office and mixed-use developments. Our comments on the proposed framework are included in the attached submission.

The objective of rationalising the number of employment zones and improving consistency in the practical application of each zone is broadly supported by the Property Council. We note Recommendation 7.4 and 7.5 of the NSW Productivity Commission White Paper sought the "Consolidating and increasing flexibility of employment and industrial zones to accommodate new businesses". The Department's position paper and supporting documents make significant progress toward achieving this goal.

The second component of delivering on this recommendation relates to a review of the "retain and manage" approach to industrial land as outlined in the Greater Sydney Commission's discussion paper *A Metropolis that Works* which has subsequently been considered government policy. We look forward to early engagement with DPIE and the GSC regarding this review over the coming months.

Should you have any questions in respect of the matters raised in this submission, do not hesitate to contact [REDACTED]

Yours sincerely,

[REDACTED]  
Lauren Conceicao  
Acting NSW Executive Director  
Property Council of Australia

# **Submission to the Department of Planning Industry and Environment**

## **Proposed Employment Zones Framework**

7 July 2021

## 1.0 Executive Summary

The Property Council welcomes the opportunity to provide comment on the Proposed Employment Zones Framework.

When the Standard Instrument Local Environment Plan SEPP was introduced in 2006, business and industrial zones took on a different shape and size, performed different roles and had a different set of impacts on adjoining land uses. The Proposed Employment Zones Framework seeks to update the allocation of zones that are more meaningful in a 2021 context by giving stronger clarity of what each zone means, and improving the consistency with which they are applied by local government across the state.

These reforms are naturally only one part of the journey, and it is important the NSW Government press on with its reform of infrastructure contributions, “retain and manage” policy for industrial land in the Eastern City, the expansion of exempt and complying development and the continued systems and processes improvement work of the Planning Delivery Unit to best aid the state’s economic recovery.

## 2.0 Proposed Employment Zones Framework

The position proposes the creation of five new employment zones and three supporting zones:

- E1 Local Centre
- E2 Commercial Centre
- E3 Productivity Support
- E4 General Industrial
- E5 Heavy Industrial
- MU Mixed Use
- W4 Working Foreshore
- SP4 Local Enterprise

In support of the rationalisation of the twelve existing zones the position paper makes reference to a review of LEPs across NSW which found that Business (B) zones have unclear and inconsistent roles across plans, with different zones used interchangeably or for entirely different purposes. The Property Council agrees with this view.

The labelling of each zone creates simple and easy to understand expectations for the sort of development expected in each zone. We would like to add that this change is particularly welcome due to the transition of employment uses to cleaner and less intrusive operations in recent years, with a number of planning proposals seeking to integrate forms of light industry and urban services uses.

On an administrative level, our members have raised concern that the use of the “E” lettering convention for the new employment zones will conflict with the existing environment zones within Standard Instrument Local Environment Plan (2006).

**Recommendation 1: The lettering convention for new zone labels be amended so that it does not conflict with the existing (E) Environmental zones.**

## 3.0 Strategic intent, objectives and permitted uses for the new zones

The strategic intent supporting each of the new zones provides industry with a clear understanding of what is expected from each zone.

We support the revised land use definitions as proposed by the position paper, with the exception of trades retail premises, which we support but seek to have included in the E4 zone in addition to E1-E3 and MU zones.

Our comments on the strategic intent of each zone, the objectives and the permitted uses is contained within the following table:

Zone label	Property Council response
E1 Local Centre	<p>The strategic intent of this zone is supported.</p> <p>The permitted land uses included in the draft SEPP amended are supported.</p>
E2 Commercial Centre	<p>The strategic intent of this zone is supported.</p> <p>The intention to create a variety of proposed optional objectives tailored to a centre's status as a regional or strategic centre is supported.</p> <p>The permitted land uses included in the draft SEPP amended are supported.</p>
E3 Productivity Support	<p>The strategic intent of this zone is supported. As the B6 Enterprise Corridor in many LGAs permits residential land uses, it is not automatically comparable or translatable into this zone.</p> <p>The permitted land uses included in the draft SEPP amendment are supported.</p>
E4 General Industrial	<p>The strategic intent of this zone is supported.</p> <p>The permitted land uses included in the draft SEPP amendment should be expanded to include trades retail premises.</p> <p>There is a significant gap between the mandated permitted land uses in the Draft SEPP and the list of additional land uses that councils have the discretion to include (listed in the land use matrix included with exhibition material).</p> <p>Our members are seeking opportunities to include consumer-facing land uses that aligned with the predominant land use on a particular site, e.g. a small bar attached to a micro-brewery. Given how these consumer-facing opportunities tend to evolve over time, these permitted land uses should be mandated in the standard instrument, rather than left at the discretion of individual councils, as future planning proposals to include the additional permitted use within an LEP are potentially too onerous to justify the enterprise.</p> <p>In order to achieve the fifth stated objective of the E4 zone "to enable limited non-industrial land uses that provide facilities and services to meet the needs of businesses and workers" the list of mandated permitted uses will need to be expanded to include more of the land uses listed as permissible in the land use matrix included with the consultation material.</p>

E5 Heavy Industrial	<p>The strategic intent of this zone is supported.</p> <p>The permitted land uses included in the draft SEPP amendment are supported.</p>
MU Mixed Use	<p>The strategic intent of this zone is supported. It should be acknowledged this zone will likely also replace a number of existing B6 Enterprise Corridor zones which allow residential mixed-use development.</p> <p>We support the application of this zone both inside and outside of a centres hierarchy.</p> <p>The intention to create a variety of proposed optional objectives tailored to the specific mixture of land uses is supported.</p> <p>The permitted land uses included in the draft SEPP amendment are supported.</p>
W4 Working Foreshore	<p>The strategic intent of this zone is supported.</p> <p>The permitted land uses included in the draft SEPP amendment are supported.</p>
SP4 - Local Enterprise	<p>The Property Council appreciates there is a role for bespoke precincts and that in limited circumstances the one-size-fits-all approach does not produce the best planning outcomes. The SP4 Local Enterprise zone has been proposed to facilitate the planning framework in these situations.</p> <p>The Standard Instrument exists to provide a degree of certainty, consistency and clarity to the planning system. The proposed SP4 zone runs contrary to this agenda and the broader efforts of the Proposed Employment Zones Framework.</p> <p>We are concerned that without proper oversight, this zone will be applied by local government in a manner which creates an excessive number of overly-restrictive land use prescriptions.</p> <p>We recommend the Department of Planning Industry and Environment consult with industry stakeholders on a suitable assessment criteria to limit the application of this zone prior to considering proposals to rezone land as SP4 Local Enterprise.</p>

**Recommendation 2: Trades retail premises be included within the E4 General Industrial zone in recognition of their existing permissibility as “hardware and building supplies” along with an expanded list of mandated permissible uses.**

**Recommendation 3: The Department of Planning Industry and Environment consult with industry stakeholders on a suitable assessment criteria to limit the application of this zone prior to considering proposals to rezone land as SP4 Local Enterprise.**

## 4.0 Relationship to other planning reforms

The Department in its position paper has explained that the Proposed Employment Zones Framework operates in the context of a wide range of other planning reforms running either parallel to, or in short succession to the reform of employment zones, namely:

- The Greater Sydney Commission's review of their 'retain and manage' policy for industrial land in the Eastern City.
- The Department of Planning Industry and Environment's Explanation of Intended Effect *Building Business Back Better* seeking a significant expansion of exempt and complying development for employment generating land uses.
- The proposed Design and Place SEPP.

We note the Department hasn't included their review of the Employment Land Use Strategy Guidelines within this context and we encourage them to work toward ensuring these changes integrate into the new guidelines successfully. A number of our members have interests in shifting between the various employment (and mixed use) zones and the completion and assessment of local council employment land strategies is an important consideration to shaping the overall package of reforms.

At the time of writing this submission, the Property Council is yet to participate in meaningful stakeholder engagement with the Greater Sydney Commission's review of the "retain and manage" policy. We look forward to this engagement at the earliest opportunity.

**Recommendation 4: The Department of Planning Industry and Environment in its consultation report details the relationship between the creation of Employment Land Use Strategy Guidelines and the existing employment land reforms outlined in the position paper.**

**Recommendation 5: Stakeholder engagement commence on the review of the "retain and manage" policy for industrial land in the Eastern City.**

## 5.0 Implementation and support for councils

The Department has an ambitious timeline for implementing the new framework across all local government areas in New South Wales. The timeline is motivated by the desire to support the state's economic recovery and minimise uncertainty in the planning system. This approach is supported.

In outlining its approach to implementation and supporting local government, the Department is committing to the following steps:

- Development of a toolkit outlining how the new zones should apply and the process for supporting LEP amendments.
- Tangible planning support in the form of a flying squad of planning support staff rather than funding grants.
- Utilisation of ePlanning to lift the burden on councils with respect to mapping proposed changes and support for councils to ensure they have the GIS capabilities to implement the changes.

The proposed approach is supported by the Property Council as it compares favourably to alternative approaches, which are unlikely to achieve the intended results within the government's timeframe.

We nonetheless encourage the Department to maintain a healthy and supportive relationship with local government throughout this process as the timeline for changes of this

magnitude are usually delivered on a less consistent basis over a longer period. The process for turning around Local Strategic Planning Statements and the creation of comprehensive LEPs for “newly” merged local councils are good examples of the timeframes local government has come to expect. It should also be noted that much of this work will occur at the same time as Councils are implementing new Community Strategic Plans, integrating the new contributions arrangement into the Integrated Planning & Reporting Framework, and reviewing their Organisational Structures. We would recommend the Department establish a Local Government Planners Working Group representative of a broad cross-section of local government, inclusive of the Office of Local Government, Local Government NSW and industry groups, specifically tasked with helping to steer the delivery of these reforms.

**Recommendation 6: The Department establish a Local Government Planners Working Group representative of a broad cross-section of local government, inclusive of the Office of Local Government, Local Government NSW and industry groups, specifically tasked with helping to steer the delivery of these reforms.**

**Recommendation 7: Appropriate Savings and Transitional provisions should be introduced to ensure that development applications and planning proposals currently lodged with councils are processed against the current land use zoning framework.**

**Recommendation 8: Councils must proactively consult and engage with land owners when choosing and applying the new zoning regime.**

**Recommendation 9: Councils should be provided with additional resources to ensure that regular planning processes – assessment and processing of development applications, planning proposals and strategic planning, are not neglected or delayed during the transition between the existing framework to the current framework.**