

ITEM-25 CCL 22/03/22 - EMPLOYMENT ZONES REFORM

REPORT BY: GOVERNANCE
CONTACT: DIRECTOR GOVERNANCE AND CHIEF FINANCIAL OFFICER / MANAGER REGULATORY, PLANNING AND ASSESSMENT

PURPOSE

To advise of NSW Government changes to employment zones in all NSW Local Environmental Plans.

RECOMMENDATION

That Council:

- 1 Receives the report and notes NSW Government changes to employment zones in the Newcastle Local Environmental Plan 2012.
- 2 Makes a formal submission to the Department of Planning and Environment raising concerns about the short time frame to consider this significant reform.
- 3 Writes to the Minister for Planning and Homes and the Secretary, Department of Planning and Environment providing a copy of City of Newcastle's submission and noting its concerns in relation to including the B1 Neighbourhood zone in the proposed E1 Local Centre Zones.

KEY ISSUES

- 4 Recent changes by the NSW Government to the Standard Instrument (Local Environmental Plans (LEP)) Order 2006 (SI) require changes to the Newcastle Local Environmental Plan 2012 (NLEP 2012). Five new employment zones and three supporting zones will replace five business zones and three industrial zones in the NLEP 2012.
- 5 The SI is the standard template used to prepare NSW LEPs. It sets standards, including land use zones, that councils must apply to land in their Local Government Area (LGA). For each zone, the SI sets out 'core' objectives for development, and land uses that are mandated permitted or prohibited land uses.
- 6 As part of the NSW Government's planning reforms, the Department of Planning and Environment (DPE) reviewed and amended land use zones for employment uses. These changes were announced by the NSW Government in November 2020 and were publicly exhibited in June 2021. City of Newcastle's (CN) submission on the proposed employment zones framework is provided at Attachment A.
- 7 DPE have finalised the new employment zones. It is working with councils across NSW to translate their existing business and industrial zones into the new framework. The new zones are:

- i) E1 Local Centre
 - ii) E2 Commercial Centre
 - iii) E3 Productivity Support
 - iv) E4 General Industrial
 - v) E5 Heavy Industrial
- 8 Supporting zones are:
- i) MU1 Mixed Use
 - ii) W4 Working Waterfront
 - iii) SP4 Enterprise
- 9 The current zones within the NLEP 2012 are:
- i) B1 Neighbourhood
 - ii) B2 Local Centre
 - iii) B3 Commercial Core
 - iv) B4 Mixed Use
 - v) B5 Business Development
 - vi) IN1 General Industrial
 - vii) IN2 Light Industrial
 - viii) IN3 Heavy Industrial
- 10 The new zones came into effect on 1 December 2021. They include mandated objectives and land uses. To progress the transition to the new zones, DPE provided a preliminary translation of CN's business and industrial zones into the new zones. CN reviewed DPE's translation and provided comments. The new zones, zone objectives, land uses, and our comments are provided in the Translation Detail for Council document at Attachment B. The new employment zones, as they will apply to CN are being prepared by DPE for public exhibition.
- 11 The new zones must be in place by 1 December 2022 when the existing business and industrial zones are repealed.
- 12 DPE have stated that, broadly, the new employment zones framework aims to simplify employment zones to suit the future of work and support productivity and jobs growth. Concurrently with the employment zone changes, DPE made

changes to expand the range of complying development activities within employment zones to reduce administrative costs and deliver faster approvals.

- 13 DPE have advised that local provisions can be included in the NLEP 2012 to ensure the scale and function of the centre is appropriate to its location and is compatible with the prevailing character and amenity of surrounding land. See draft clause provided at Attachment C.
- 14 A local clause can be used in the NLEP 2012 to restrict the location of land uses similar to clause 6.7 Location of sex services premises, which provides that:
 - (1) Development consent must not be granted for development for the purposes of sex services premises if the premises will be located on land that adjoins, or that is separated only by a road from, land—
 - (a) in Zone R1 General Residential, Zone R2 Low Density Residential, Zone R3 Medium Density Residential or Zone RE1 Public Recreation, or
 - (b) used as a place of public worship or for community or school uses.
 - (2) In deciding whether to grant consent to any such development, the consent authority must take into account the impact that the proposed development would have on children who use the land.

FINANCIAL IMPACT

- 15 There are no financial impacts from this report. Considerable staff resources have been applied from existing budgets to implement the DPE reforms.

COMMUNITY STRATEGIC PLAN ALIGNMENT

- 16 The receipt of the employment zones reform is consistent with the strategic directions of the Newcastle 2030 Community Strategic Plan.

Liveable Built Environment

5.1c Facilitate well designed and appropriate scale development that complements Newcastle's unique character

5.2a Plan for concentrated growth around transport and activity nodes

Smart and Innovative

6.1b Attract new business and employment opportunities

Open and Collaborative Leadership

7.1a Encourage and support long term planning for Newcastle, including implementation, resourcing, monitoring and reporting

- 7.2b Provide timely and effective advocacy and leadership on key community issues
- 7.2c Establish collaborative relationships and advocate for local needs with all stakeholders

IMPLEMENTATION PLAN/IMPLICATIONS

- 17 DPE's next steps to implement the new employment zones are:
 - i) A self-repealing State Environmental Planning Policy (SEPP) Explanation of Intended Effect (EIE) will be exhibited by DPE in April 2022.
 - ii) The SEPP EIE will outline each councils' proposed LEP amendment.
 - iii) DPE is building a web platform so communities can identify local changes and make a specific submission on the proposed translation and associated detail relevant to their local areas.
 - iv) Submissions in their entirety, as well as summaries, will be shared by DPE with councils following exhibition to enable finalisation of the policy between DPE and councils in the second half of 2022.
 - v) DPE intends to amend LEPs across NSW before December 2022.
- 18 The Newcastle Employment Lands Strategy 2019 includes directions on the future of employment land in Newcastle and identifies a number of actions. Key actions include maintaining flexibility in planning controls to allow uses to transition in response to the changing employment landscape and to ensure the night time economy is protected. This is consistent with the aims of the NSW government's employment zones reform.
- 19 The main point of difference between CN's Employment Lands Strategy and the NSW Government's employment zones framework is that CN's Employment Lands Strategy recommends the retention of a centres hierarchy. This provides a clear intent of the future roles and functions of each centre in the Newcastle LGA. The new framework does not facilitate a distinction in centres. This will present challenges in maintaining scale and character in local centres currently zoned B1 Neighbourhood.

RISK ASSESSMENT AND MITIGATION

- 20 The SI has already been amended to give effect to the employment zones reform. It will replace the existing business and industrial zones with the new zones and objectives. All LEPs in NSW must be made in accordance with the SI. This means that the translation amendment to NLEP 2012 must progress.
- 21 Mandated zone objectives and an expanded list of mandated land uses are part of the new zones and must be adopted. CN is able to provide additional zone objectives and land uses but cannot remove or amend the mandated objectives and land uses. CN provided local objectives and recommendations on land uses

based on the directions of our Employment Lands Strategy and Local Strategic Planning Statement. CN's recommendations aim to maintain viable centres by responding to the changing nature of industry and business, while maintaining the scale and character of local centres. The translation document, including CN's recommendations is provided at Attachment B.

RELATED PREVIOUS DECISIONS

22 Nil.

CONSULTATION

23 Consultation is being managed by DPE, who are coordinating the translation of LEPs and the required amendments. DPE proposes a centralised public exhibition of all LEP amendments in April 2022 for six weeks. DPE's public exhibition page will link to CN's 'Have your Say' webpage. DPE advise that they will work with councils to finalise the translation based on public feedback.

24 A workshop on the employment zones reform was held with Councillors on 8 March 2022.

BACKGROUND

25 As part of a broader planning reform program, DPE has reviewed and updated the zones that apply to employment uses within centres and industrial areas in NSW. The employment zones reform builds on reviews by both the Australian and NSW Productivity Commissions and broader NSW Government planning reforms to support economic growth and productivity. The reforms are implemented by changing State planning standards in the SI.

OPTIONS

Option 1

26 The recommendation as at Paragraphs 1-3. These are the recommended options.

Option 2

27 Council resolves not to receive the report. This is not the recommended option.

REFERENCES

Nil.

ATTACHMENTS

Item 25 Attachment A: Submission on Proposed Employment Zone Framework

Item 25 Attachment B: Translation Detail for Council

Item 25 Attachment C: Local Provision for B1 Neighbourhood Zone

Item 25 Attachments A - C distributed under separate cover