

CM13.5. Employment Zones Reform

DATE	7 April 2022	FIL REFERENCE	FIL22/00843
CONFIDENTIAL	No		
FURTHER ENQUIRIES TO	David Christy City Development	PHONE	6023 8111
AUTHOR	Chris Graham		

Purpose of Report

The purpose of this report is to provide an overview of the Employment Zones Reform being undertaken by the Department of Planning and Environment (DPE). Under these reforms the existing Business (B) and Industrial (IN) land use zones are being replaced with new employment zones. This is generally a 'translation' process from the current zone to the new land use zone that fits best. A copy of the proposed translation detail and zone mapping is provided in attachments 1 and 2 for Council's consideration, prior to public exhibition that will be undertaken by the DPE.

Background

As part of a broader planning reform program, the DPE has reviewed and updated the zones that apply to employment uses, including within centres and industrial areas in NSW.

The DPE notes that these reforms build on the recommendations of the NSW Productivity Commission that seek to rationalise the number of employment zones and increase flexibility within the new zones, to expand the permitted land uses in the interests of supporting long-term economic recovery through job creation and increased productivity in NSW.

The DPE exhibited the employment zones reform framework (as an Explanation of Intended Effect) in June 2021. AlburyCity made a submission that, amongst other things, sought to retain the light industrial zone (as a buffer to sensitive land uses) and outlined concerns relating to the expanded permissibility for retail uses in the new employment zones framework with respect to potential adverse impacts on our retail hierarchy and viability of existing centres.

The DPE has since amended the Standard Instrument (Local Environmental Plan) Order 2006 (SI LEP Order) to introduce five new employment zones and three new supporting zones as part of the employment zones reform framework across the state.

The new zones are:

- E1 Local Centre;
- E2 Commercial Centre;
- E3 Productivity Support;
- E4 General Industrial; and

- E5 Heavy Industrial.

The new supporting zones are:

- MU1 Mixed Use;
- W4 Working Waterfront; and
- SP4 Enterprise.

Assuming the DPE proceed with reform following public exhibition, each Local Environmental Plan across NSW will need to be updated to rezone existing B and IN zones to an employment or supporting zone by December 2022 when the B and IN zones are repealed from the SI LEP Order. This process will be via a self-repealing State Environmental Planning Policy (SEPP) undertaken by the DPE. Council will also review our local Development Control Plan (DCP) chapters relating to employment zones to update and align with the zone translation and consider any additional or revised clauses to support development assessment processes and appropriate development outcomes. Saving and transitional provisions will allow our existing DCP controls to continue until they are updated.

To progress these reforms, the DPE provided each affected Council with a preliminary translation of their respective planning instruments (including prepared land use tables and proposed land use zoning). This preliminary translation has been reviewed and returned with suggested modifications to ensure that, as much as possible, the employment zones reform framework best represents existing land use planning and strategic intent for employment areas across the Albury LGA. The translation detail and zone mapping (as revised) are provided in attachments 1 and 2. Key aspects are discussed in following sections of this report.

Issues

The employment zones reform relates to the following Albury 2030 strategic actions under the theme of 'A Growing Sustainable Economy':

- 1.3 *Plan and cater for increased population growth.*
 - 1.3.1 *Support and encourage a diversity of residential and commercial development in the Albury and Lavington CBDs.*
 - 1.3.2 *Support and promote sustainable growth through planning and infrastructure to provide employment opportunities, housing choice and community facilities.*
- 1.5 *Promote Albury for industry and business.*
 - 1.5.1 *Promote Albury as a major regional economy and the regional city of choice for lifestyle, career and investment opportunities.*
 - 1.5.6 *Support and promote business and business opportunities across all sectors to continue to foster economic diversity.*

Discussion

The following sections of this report provide an overview of the employment zone translation detail in relation to the Albury LEP. This includes discussion on key issues and an explanation of modifications sought and incorporated into the translation following review by our City Planning team.

The components of the translation detail (refer attachments 1 and 2) include:

- Proposed zoning maps (attachment 2);
- Land use tables specific to the Albury LEP 2010 that include the mandated land uses within the Standard Instrument LEP Order and general translation of other permitted and prohibited land uses that are listed within the current B and IN land use tables for the Albury LEP 2010 (attachment 1) and
- Additional local provisions (attachment 1).

Proposed Zoning Maps

The translation detail and proposed zoning maps (attachment 2) allocates the new employment zones framework spatially across the Albury LGA (replacing existing B and IN zones) as a best fit approach. Being a translation, it does not adjust zone boundaries. The proposed translation is typically as follows:

Table 1 – Proposed zone translation via employment zones reform.

Existing Albury LEP2010	Proposed Translation
Business Zone	Employment Zone
B1 Neighbourhood Centre	E1 Local Centre
B2 Local Centre	
B3 Commercial Core	E2 Commercial Centre
B4 Mixed Use	MU1 Mixed Use
B5 Business Development	E3 Productivity Support
B6 Enterprise Corridor	
B7 Business Park	<i>E3 Productivity Support – but deferred for consideration as part of NEXUS Regional Jobs Precinct (refer discussion below)</i>
Industrial Zone	
IN1 General Industrial	E4 General Industrial
IN2 Light Industrial	

The proposed zoning was reviewed to help ensure a best fit translation. This review process has involved, amongst other things:

- consideration of the strategic intent of the B or IN zone (to be replaced) as defined by existing policy and strategy;

- confirmation that the new employment zone aligns closest to that strategic intent; and
- consideration of whether any additional mechanisms (such as local provisions) are needed.

While the proposed translation outlined in the table above generally provides the best-fit translation, review by our City Planning Team (in collaboration with the DPE Employment Zones Team) has identified the following modifications and incorporated in the proposed translation detail in attachments 1 and 2.

NEXUS Regional Jobs Precinct – Deferred Area

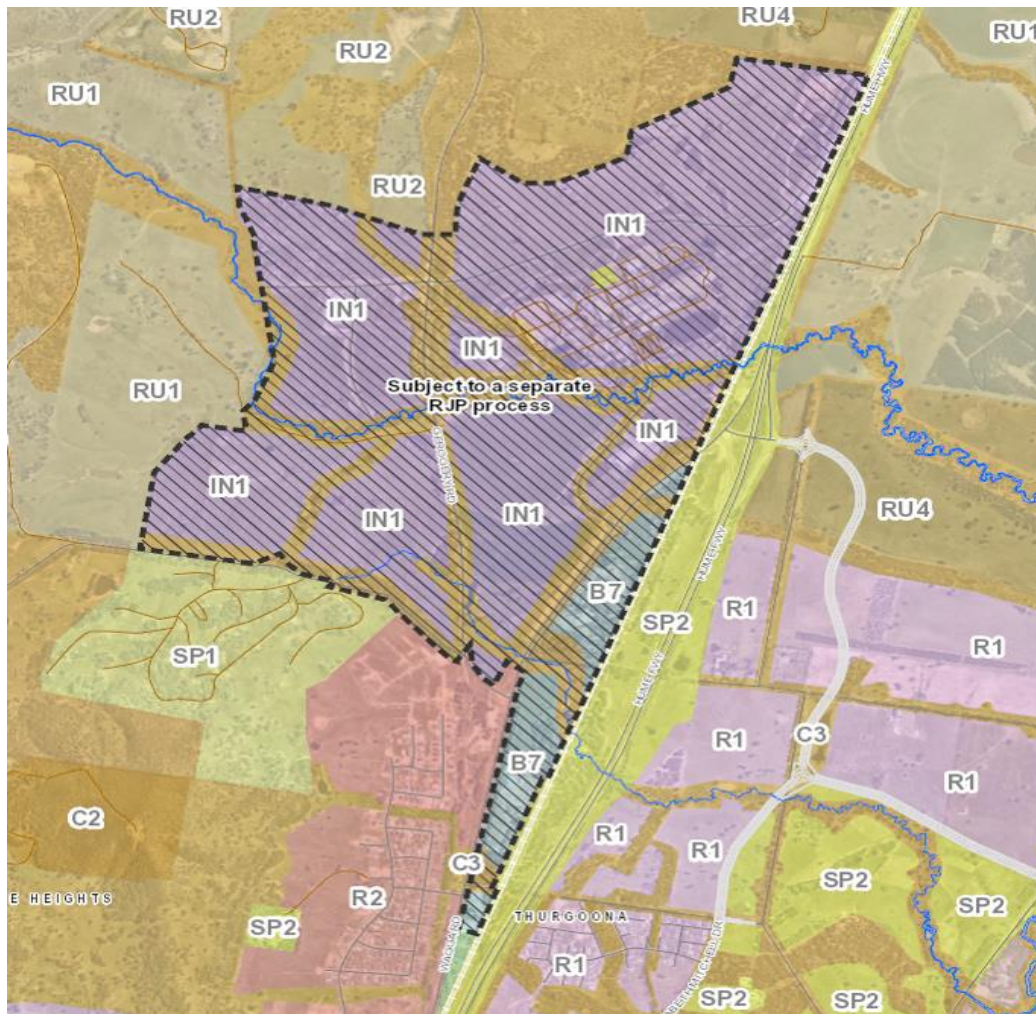
The NEXUS Industrial Precinct has been designated as a Regional Jobs Precinct (RJP) which is a dedicated area in a regional location identified by the NSW Government for the purposes of facilitating a thriving industrial or business precinct.

The NEXUS Industrial Precinct was originally translated amongst preliminary documentation as part E3 Productivity Support Zone (current B7 Business Park Zone) and part E4 General Industrial Zone (current IN1 General Industrial zone). However, as the NEXUS Industrial Precinct is currently subject to a program of specific investigations and master plan preparation via the RJP program, it was considered best to defer zoning translation to occur following these investigations and as part of the RJP process.

The current B and IN zones will remain in force for this precinct (via a saving and transitional provision) until new zones are allocated via the RJP process.

The spatial extent of that part of the NEXUS Industrial Precinct that has been deferred from employment zones reform recommendations pending further investigations via the RJP process is presented in Figure 1 below.

Figure 1 – Existing employment zones that are currently being reviewed as part of the NEXUS Regional Jobs Precinct (RJP).



Willowbank Road, East Albury – E3 Productivity Support Zone

The land at Willowbank Road, East Albury (refer Figure 2 below) was subject to a land rezoning in June 2018. This land was originally translated amongst preliminary documentation as E4 General Industrial Zone, however following review, it is proposed to be assigned as E3 Productivity Support Zone.

The original decision by Council in November 2017 to support a proposed industrial zoning for Willowbank Road, East Albury, was predicated on primarily light industrial land uses being permitted (with the exception of some additional permitted uses being allowed via Schedule 1 in the Albury LEP 2010) in recognition of nearby residential estate development (and amenity concerns).

The ability to provide land use transition (buffer) between employment and neighbouring zones (via IN2 Light Industrial Zone) has been diminished under the reforms with both existing IN1 General Industrial Zone and IN2 Light Industrial Zone now being consolidated into (and replaced by) the E4 General Industrial Zone (where land use permissibilities have expanded consistent with the more

expansive of these two consolidated zones). This would have the effect of listing heavy, hazardous, offensive, and general industries as permitted with consent in the Willowbank Road, East Albury area.

Accordingly, following review, the E3 Productivity Support Zone is considered more appropriate to be assigned to the Willowbank Road, East Albury area (instead of E4 General Industrial Zone) under the reforms as this best reflects the strategic intent, desired characteristics, community expectations and previous commitments for primarily light industrial development outcomes. The existing additional permitted uses being allowed via Schedule 1 in the Albury LEP 2010 would be retained.

Whilst E3 Productivity Support Zone is considered a more appropriate fit (compared to the E4 General Industrial Zone) in mitigating potential land use conflicts with surrounding sensitive land uses (by prohibiting heavy, hazardous, offensive, and general industries), it is noted that this zone does allow some additional commercial land use permissibility that will need to be carefully considered to minimise amenity impacts and ensure a suitable retail hierarchy and maintain primacy of the Albury CBD.

To assist in this regard, an additional local provision has been sought from the DPE (based on a model provision) and is included in the proposed translation detail (refer page 9 of attachment 1). The intent of this clause is to help maintain the centres hierarchy of Albury and assist in managing the amenity of the surrounding residential areas, by setting a maximum floor area (250 square metres) for business premises, office premises and specialised retail premises (also known as bulky goods retail) for Willowbank Road, East Albury.

The spatial extent by which this new local provision will apply is presented in Figure 2 below.

Figure 2 – Willowbank Road land (red outline).



Land Use Tables

The translation detail in attachment 1 includes land use tables that set land use permissibility.

This includes defined land uses which are listed as either:

- permitted without consent;
- permitted with consent; or
- prohibited.

Land use permissibility has generally been a translation from existing B and IN zones to the proposed employment zones. However, there are instances (under the reforms) where a new employment zone has resulted from the consolidation of existing B and IN zones (refer Table 1 above), and consequently, an approach that captures the land uses of the more expansive zone (of those consolidated) has been taken to allow more land use flexibility and to not restrict current permissibility of the more expansive zone. It is also noted that while land uses may be identified as 'permitted with consent' they still require an assessment process that can help identify and mitigate issues that may potentially arise. As noted above, Council will review our relevant DCP parts to update and align with the zone translation and consider any additional or revised clauses to support development assessment processes and appropriate development outcomes.

The consolidation of existing B and IN zones under the reforms has created some challenges, discussed as follows:

Consolidation of IN1 General Industrial and IN2 Light Industrial zones

Despite a previous AlburyCity submission seeking to retain the IN2 Light Industrial Zone, both the IN1 General Industrial Zone and IN2 Light Industrial Zone are proposed to be revoked under the reforms and consolidated into the E4 General Industrial Zone as part of our 'best-fit' zone translation. Consequently, land use permissibilities have been expanded in IN2 zone areas to be consistent with the more expansive of these two zones.

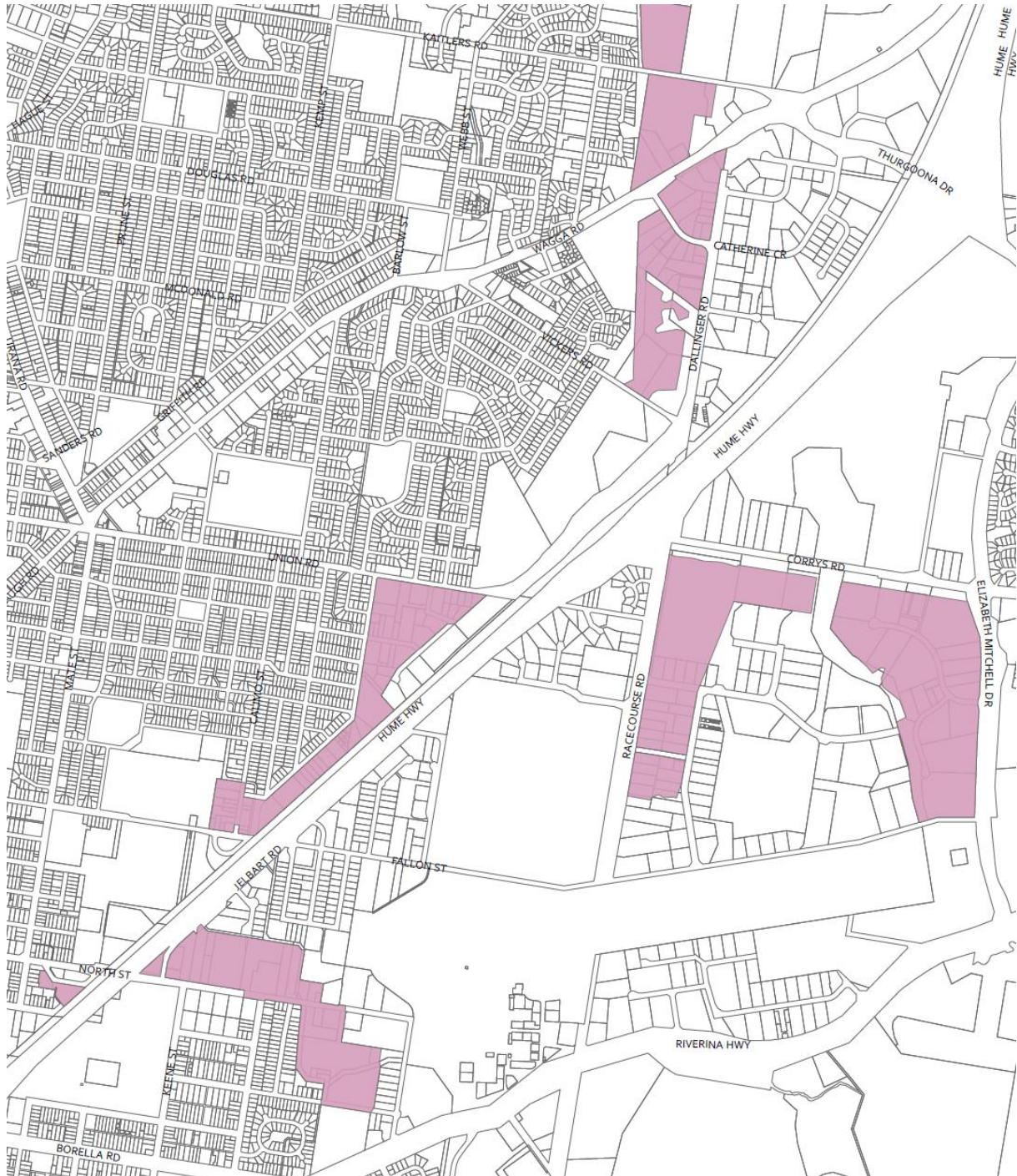
Across the Albury LGA, the current IN2 Light Industrial Zone assists with providing a transition and buffer between industrial land uses and nearby residential areas and/or sensitive land uses. In the absence of an IN2 Light Industrial Zone (or equivalent under the reforms), the ability to provide transition/buffer has been diminished.

Whilst a mandated zone objective that seeks to minimise any adverse effect of industry on other land uses is included in the translation detail (refer page 6, attachment 1) for the E4 General Industrial Zone to enable further consideration of external impacts at time of development, there is now a greater reliance on the development assessment function to determine and substantiate where a particular land use proposal is deemed appropriate or inappropriate for amenity reasons.

To assist in matters relating to transition and buffer with industrial areas, an additional local provision has been sought from the DPE (based on a model provision) and is included in the proposed

translation detail (refer page 9 of attachment 1). This local provision flags the need for further consideration relating to noise, hours of operation and other potential impacts on amenity of nearby residential sites. This provision will apply to 'key sites' (refer to Figure 3) being the existing IN2 Light Industrial Zone (except for Willowbank Road, East Albury, where the E3 Productivity Support Zone is proposed).

Figure 3 – Key site map for additional local provision (existing IN2 Light Industrial zone land).



Light industries mandated as permissible in MU1 Mixed Use Zone

In the Albury LGA, the B4 Mixed Use Zone is currently used for the balance of the Albury and Lavington CBDs outside core city blocks (zoned B3 Commercial Core) to facilitate residential accommodation in addition to various commercial uses. This recognises the increasing popularity and desire to provide for inner city living.

The MU1 Mixed Use Zone proposed under the reforms to replace the B4 Mixed Use Zone expands land use permissibility by mandating inclusion of 'light industries', 'high technology industries' and 'home industries' as permitted with consent.

These additional uses may require greater reliance on development assessment functions to determine where a particular development proposal is deemed appropriate or inappropriate considering amenity aspects. It is noted that a mandated objective for the MU1 Mixed Use Zone is included in the translation detail (refer page 7, attachment 1) that seeks to minimise conflict between land uses. This objective would require consideration as part of development assessment process.

Further to this, it is also noted that the definition of light industry (below) also has clear amenity considerations:

Light industry means a building or place used to carry out an industrial activity that does not interfere with the amenity of the neighbourhood by reason of noise, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, wastewater, waste products, grit or oil, or otherwise, and includes any of the following:

- a. high technology industry;
- b. home industry;
- c. artisan food and drink industry; and
- d. creative industry.

Retail premises mandated as permissible with consent in E1 Local Centre Zone

Under the reforms, retail premises (which includes various retail uses such as specialised retail premises) are mandated as permitted with consent in the E1 Local Centre Zone (being a consolidation of the existing B1 Neighbourhood Centre and B2 Local Centre zones). This results in a minor spatial expansion in those areas where certain retail uses would be permitted with consent (where currently prohibited in the existing B1 Neighbourhood Centre zone). Depending on the location and proposed retail use this may create local amenity and traffic concerns.

However, it is noted that a mandated objective for the E1 Local Centre Zone has been included amongst the translation detail (refer page 3, attachment 1) that seeks to ensure that densities for commercial development reflect the needs of the local community and the capacity of the existing road and transport network. It is anticipated that inclusion of this objective will bolster development assessment functions and ensure that appropriate traffic analysis and scale of development is considered, so as not to adversely impact the local amenity and the primacy of Albury and Lavington

CBDs. It is also anticipated that site constraints (primarily size) associated with the existing B1 Neighbourhood Centre Zones would likely limit larger retail developments (eg. specialised retail premises) on the basis that the development scale would most likely not be achievable or feasible.

Risk

- **Business Risk** – Several significant planning reforms and draft SEPPs have been recently progressed by the DPE requiring considerable time in review and input by Council's City Planning team. This has had some impact on work programs but has been able to be accommodated with existing resources. No business risks are anticipated as part of the public exhibition and implementation of the employment zones reform framework which is being led by the DPE.
- **Corporate Risk** – The State government-led changes could be perceived as local government-led reform. This does carry some corporate risk, especially with the proposed consolidation of land use zoning and resultant expansion of land use permissibility that may be construed and/or perceived as a diminished ability to provide for appropriate transition/buffer.
- **WHS and Public Risk** – No WHS and public risks are associated with the public exhibition and implementation of the employment zones reform framework (being an amendment to existing planning policy).
- **Environmental Risk** – The State government-led reforms consolidates some existing land use zones and consequently will expand land use permissibility in our existing B and IN zones which may increase environmental risks (eg. relating to amenity). Zone objectives and additional local provisions have been proposed to help mitigate these and will be required to be considered as part of development assessment processes.
- **Delivery Program Risk** – the DPE is proposing to progress with public exhibition in May 2022. Council input needs to be provided prior to ensure inclusion in public exhibition documents.

Community Engagement

The DPE is coordinating the employment zones reform and is proposing a centralised public exhibition of all LEP amendments across the state.

A self-repealing State Environmental Planning Policy (SEPP) Explanation of Intended Effect (EIE) will be exhibited by the DPE. The SEPP EIE will outline each Council's (including Albury) proposed LEP amendments.

The DPE is building a web platform so that communities can readily identify their local changes and make a specific submission on the proposed translation and associated detail relevant to their local areas.

AlburyCity will continue to converse with the DPE in relation to public exhibition processes (anticipated to commence in May 2022) for the purposes of ensuring that access to exhibition material and other related support is available to the Albury community (via the AlburyCity website) consistent with previously exhibited planning documents.

Submissions in their entirety, as well as summaries, will be shared with Council following exhibition to enable finalisation of the policy between the DPE and Council in the second half of 2022.

Options

Council has the following options in relation to this report:

1. Endorse the employment zone translation detail and proposed zone mapping in attachments 1 and 2 for public exhibition purposes to be undertaken by the Department of Planning and Environment. **Recommended.**
2. Endorse the employment zone translation detail and proposed zone mapping in attachments 1 and 2 with changes for public exhibition purposes to be undertaken by the Department of Planning and Environment. **Not Recommended.**

In this instance, it is recommended that Council proceed with Option 1 for the reasons outlined in this report.

Conclusion

The Department of Planning and Environment is currently undertaking an Employment Zones Reform. Under these reforms the existing Business (B) and Industrial (IN) land use zones are being replaced with new employment zones. This is generally a 'translation' process from the current zone to the new land use zone that fits best. However, some modifications and local provisions have been sought (and are incorporated in attachments 1 and 2) to best reflect existing land use planning and Council's strategic intent for employment areas.

Accordingly, it is recommended that Council endorse the translation detail for public exhibition purposes.

Recommendation

That Council endorse the employment zone translation detail and proposed zone mapping in attachments 1 and 2 for public exhibition purposes to be undertaken by the Department of Planning and Environment.

Attachments

1. Employment zones reform – Translation detail (Version 2.1) for the Albury LEP 2010 (DOC22/71974).
2. Employment zones reform – Proposed zoning maps for the Albury LEP 2010 (DOC22/74016).