

Clerk of the Legislative Council NSW Legislative Council Parliament House 6 Macquarie St SYDNEY NSW 2000

To Mr Blunt,

Please find attached the Government Response to the Regional Planning Inquiry.

Yours sincerely

The Hon Anthony Roberts MP

Received at 4.10 em Trusday 30 May 2017

NSW Government response to the final report of the Legislative Council Standing Committee on State Development Inquiry into Regional planning processes in New South Wales

The NSW Government welcomes the final report of the Legislative Council Standing Committee on State Development Inquiry into Regional planning processes in New South Wales.

In the NSW Government's submission to the Inquiry, as well as the evidence that it provided, a number of the different approaches to planning for regional NSW were identified. The recommendations of the Committee will assist the Government to fine tune its strategies for planning in regional areas.

The Department of Planning and Environment will take the lead to implement the recommendations supported by Government, as many of the actions are consistent with its current work program.

There are three key themes that are identified in the recommendations of the Committee:

- 1. The important recognition that planning for regional NSW needs to take a different approach and not apply 'one size fits all' methodologies.
- 2. Regional NSW will benefit from planning processes that are strategic and connect to the primary trends driving economic change in the state's different regions.
- 3. Creating clear and unambiguous governance structures in regional areas will make investment decisions easier and more certain.

The Department of Planning and Environment and other state agencies will work together and use the recommendations of the Committee to work closely with councils, both across the State, as well as by tapping the expertise of regional practitioners, to build a simpler, more flexible and growth focused planning system for Regional NSW.

The NSW Government supports the majority of the Committee's recommendations either fully or in part. The NSW Government response to each of the recommendations is set out in the table that follows.

Recommendation 1

That the Minister for Planning outline what action is being taken to improve the planning framework and processes for the benefit of regional New South Wales, with particular regard to the following:

- Involving community in consultation and to improve quality of life in regional areas
- 2. reducing complexity
- 3. recognising regional differences
- taking account of State and regional strategic growth and the preservation and protection of the environment and heritage
- 5. facilitating growth and infrastructure
- Flexibility to respond to change in technology, population, land use, economic development and agriculture.

Response

Supported

The following three programs are being undertaken to improve the planning framework and processes having regard to the principles identified in this recommendation:

A. Regional Planning program

The NSW Government has exhibited nine draft regional plans for NSW. Four plans are completed and are currently being implemented and five plans are nearing completion. The program is expected to be completed by mid-2017. More information on this program can be found at:

http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans

B. Legislation updates

On 9 January 2017 a draft Bill updating the *Environmental Planning and Assessment Act 1979* (EP&A Act) was released for public exhibition. The key purpose of the proposed changes to the EP& A Act is to promote confidence in the planning system by enhancing community participation, promoting strategic planning, increasing probity and transparency in decision making, and making the planning system simpler and faster for all participants. More information on this program can be found at:

http://www.planning.nsw.gov.au/Policy-and-Legislation/Legislative-Updates

C. State policy review

A review of the many State Environmental Planning Policies (SEPPs) in operation in NSW is underway as a means of delivering a modern planning system. The review is underpinned by the Government's commitment to simplify the NSW planning system, reduce complexity without reducing the rigour necessary in considering matters of State and regional significance and giving greater prominence to local planning controls. This work will ensure NSW is well placed to support emerging industries, such as aquaculture, as well as niche agricultural industries. The program also allows the policies to be updated to take account of new and emerging technologies and the latest science. More information on this program can be found at:

http://www.planning.nsw.gov.au/Policy-and-Legislation/State-Environmental-Planning-Policies-Review

That the NSW Government ensure that all levels of government work together to effectively plan strategically for the benefit of regional New South Wales and that the Department of Planning and Environment ensure that there is a harmonisation of strategic planning documents developed at the local, regional and State levels.

Supported

The recommendation is addressed through existing programs and commitments including the following:

Proposed legislative updates: local strategic planning statements

To strengthen the hierarchy of strategic plans under the EP&A Act, the Government's legislative updates package proposes councils develop local strategic planning statements which will:

- tell the story of the local government area and set out the strategic context within which the LEP has been developed (including the rationale behind the application of zones and development controls);
- explain how strategic priorities at the regional and/or district level are given effect at the local level; and
- incorporate and summarise land use objectives and priorities identified through the council's Community Strategic Plan process.

More information on this program can be found at:

http://www.planning.nsw.gov.au/Policy-and-Legislation/Legislative-Updates

Strategic planning at regional level

A key part of the Government's agenda for improving the NSW planning system has been to strengthen strategic planning. In 2015, the Government established regional plans as part of the Environmental Planning and Assessment Act 1979.

The regional plans are being developed in collaboration with Federal and State agencies and local government to ensure the regional plans align with the strategic planning across government and other jurisdictions. This includes consideration of community strategic plans and local housing strategies prepared by councils.

The Department of Industry has played a key support role for the Department of Planning and Environment in the development of regional plans and has also been leading the development of complementary Regional Economic Development Strategies (REDS).

Following the 2017 machinery-of-government changes, the Department of Premier and Cabinet includes a Regional NSW team that will continue work on these REDS in consultation with Department of Planning and Environment. Once developed, the REDS will inform and support future regional plans and investment in infrastructure and industries.

More information on the regional planning program can be found at: http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans

Strategic planning at State level

Framework for regional NSW

As the regional plans are being finalised the Department of Planning and Environment is consolidating the issues and information across the nine regional plans to create a planning framework for all of regional NSW. This will include alignment across other transport, infrastructure and economic development strategies of the NSW Government to improve the regional planning process as well as clarifying a whole of government approach to achieving the commitments, actions and goals of all the strategic planning documents.

Cross border planning

Through the NSW Cross Border Commissioner, Memoranda of Understanding have been signed with ACT and Queensland, supporting an effective and structured approach to resolving cross-border and regional issues. The MoU requires government agencies to work together to develop a framework that enables strategic and sustainable regional growth. These MoUs are being reflected in the actions of regional plans.

Recommendation 3

That the NSW Government ensure that its agencies commit to the long term funding of strategic planning for the benefit of regional New South Wales.

Supported

The NSW Government will continue to deliver strategic planning initiatives for NSW, including regional NSW.

Each regional plan is being accompanied by an implementation plan setting out responsibility and timeframes for delivery. The implementation plan includes priority actions for the first two years of implementation. Priorities identified in this implementation plans will be updated on an annual basis and will form the work program for each subsequent year. This will ensure that implementation of the regional plan remains current and responsive to regional conditions.

The new Ministerial portfolios and responsibilities introduced in February 2017 signal a renewed focus on regional NSW through a specific Ministerial portfolio for Regional NSW, held by the Deputy Premier, and the transfer to Department of Premier and Cabinet of regional resources from the Department of Industry.

Recommendation 4

That the Department of Planning and Environment consider adopting a more flexible approach to local level strategic planning, guided by strategic plans that recognise the value of all rural industries socially, environmentally and economically.

In principle support

Regional plans present an opportunity to recognise all rural industries. The plans contain directions and actions for the preparation of environmental, social and economic strategies at a local level, as well as guidelines and other tools to assist councils in their local strategic planning.

The regional plans recognise the importance of important agricultural land, provide direction about managing this land, support agribusiness and guide councils when they are preparing local land use strategies.

The Government's draft updates to the EP&A Act to introduce local strategic planning statements would strengthen local level strategic planning under the EP& A Act. Councils will be required to develop local strategic planning statements, completing the hierarchy of strategic plans from the regional to the local level, while at the same time drawing on local land use values and priorities set out in Community Strategic Plans. The Government will assist councils, where required, to prepare their local strategic planning statements by providing guidance and model statements.

Recommendation 5

That in developing regional plans the Department of Planning and Environment consider the following:

- identify competitive regional advantages
- coordinate key infrastructure and resources
- articulate interests of NSW
 Government agencies and commit
 those agencies to their respective
 aspects of the regional plan
- 4. identify and align regional plans with broader State strategies
- identify aspects of regional plans to be incorporated into local levels plans
- 6. identify job targets.

Recommendation 5.1 - 5.5 supported

The Department of Planning and Environment's approach to regional planning is evidence based and seeks to incorporate the principles outlined by the Committee in this recommendation. Each regional plan contains a unique vision for that region over the next 20 years developed with the community, councils and businesses.

With the release of finalised regional plans, Delivery, Coordinating and Monitoring Committees are being established as subgroups of the Regional Leadership Executives in each region to oversee and coordinate implementation of the regional plan and bring together the councils, agencies and organisations responsible for delivering the outcomes under the plan. The NSW Government will work with councils to deliver the directions and actions set out in the regional plans.

The Committee's recommended principle to identify job targets (5.6) is not supported.

The challenge which regional plans address is to grow the economy beyond its current capacity, not to its capacity. The regional plans set out strategies and actions to promote jobs growth across key sectors for each region. This includes seeking to leverage natural assets, productive agricultural lands and growing service sectors in health, education and retail.

Regional plans are focused on providing a well located and serviced supply of industrial and employment lands. These lands play a critical role in the regional economy by providing space for local job opportunities across a range of sectors – including mining, agriculture and food processing – through to small-scale engineering and processing firms.

That the Department of Planning and Environment address concerns regarding consultation at the regional plan development stage.

Supported

As part of developing the regional plans and encouraging feedback on the draft regional plans, a range of stakeholders were consulted, including:

- o local councils and other local government bodies;
- residents, community and interest groups;
- business and industry peak bodies;
- o academics and students; and
- Local Aboriginal Land Councils.

This process is supported by a wide-reaching engagement program involving a number of tools to reach these stakeholders and gather their feedback. Briefing sessions are held early in the consultation periods to engage groups and people who represent a range of interests. The Department also holds follow up meetings and briefings focused on specific issues raised by participants.

More information on this program can be found at: http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans

Recommendation 7

That the Minister for Planning consider establishing regional taskforce groups, taking note of the regional planning committee model in Queensland, to participate in developing regional plans.

In principle support

The Government will seek to establish regional planning committees where there is not already an effective body for undertaking this activity, including Pilot Joint Organisations or Regional Organisations and councils. The Government does not see the necessity to establish a separate body if there are already effective mechanisms that can be utilised to undertake the same task.

An evaluation of the five pilot Joint Organisations of councils, which have been operating since November 2014, indicates significant reported improvements to collaborative regional strategic planning and intergovernmental collaboration.

More information on this program can be found at: http://www.fitforthefuture.nsw.gov.au/content/regional-joint-organisations

Recommendation 8

That the Minister for Planning consider the most appropriate method of ensuring that regional plans have fulsome and effective practices to measure their success and progress and to publicly report on the

Supported

The recommendation is addressed through existing programs and commitments.

An Annual Monitoring Report will be prepared to monitor progress on implementing the regional plans. This will report progress on the goals, directions and actions, with a focus on the priorities that have been agreed to by the Delivery, Coordinating and Monitoring Committees. Implementation priorities will be revised and a new program for

findings. include:

work will be identified for each subsequent year.

The regional plans will be subject to a five-yearly review, or as necessary, to update and revise the strategies provided through the goals, directions and actions.

Recommendation 9

That the Premier of New South Wales consider amending the Premier's priorities in action to include a priority focused on ensuring regional areas in New South Wales are dynamic, strong centres of growth and that the Department of Planning and Environment facilitate these objectives.

Noted

Regional NSW is already a priority for the NSW Government, and most of the existing State and Premier's Priorities include regional outcomes and impacts. Under the existing regional governance structures, Department of Planning and Environment regional staff, DPC Regional Coordination Branch and NSW Regions interact to drive a whole-ofgovernment focus on improving outcomes for regional NSW.

The NSW Government has released the Making it Happen in the Regions: Regional Development Framework, a holistic approach to regional development aimed at tangible improvements in economic and social outcomes, but also efforts towards protecting our unique environment and enhancing education, health and cultural outcomes.

Regional Parliamentary Secretaries will be a voice for regional NSW in Government.

Recommendation 10

That the NSW Government consider options to coordinate government agencies' responses to regional project planning proposals to ensure expeditious approval of such projects. Options to consider should

- implementation of a one-stop-shop or goto person to coordinate agency assessment and responses to development proposals
- establishment of a Regional Development NSW agency to promote regional development and assist proponents and stakeholders
- formalisation of a rural flying squad process to assist in assessing large and more complex regional development proposals in a prompt manner.

Supported

The new Ministerial responsibilities and portfolios signal a focus by the NSW Government on regional communities.

The establishment of a Ministerial portfolio for Regional NSW, held by the Deputy Premier, and the transfer to the Department of Premier and Cabinet of regional resources from the Department of Industry, demonstrate a strong intent to drive a whole-of-Government focus on improving outcomes for regional NSW. As far as possible, this focus aims to build capacity, ensuring that regions have the skills to be competitive and self-sustaining over the longer term.

The Department of Industry's Strategic Project Delivery Unit (Industry Development Branch) coordinates the delivery of industry development related infrastructure projects across regional NSW and Western Sydney, using a whole-ofgovernment approach to drive projects and take them to market.

The Department of Planning and Environment is investing in case managers to ensure that regionally significant developments and planning proposals are not delayed through bureaucratic processes.

The Government will also continue to work with local government in regional NSW to build the opportunities for growth, seek opportunities to promote regional development and assist proponents and stakeholders.

Recommendation 11 That the Minister for Planning consider a regional development State Environmental Planning Policy to assist in stimulating regional development while continuing the broader review and reduction in the number of State Environmental Planning Policies.	In principle support It is noted that the Committee's recommendation seeks a mechanism that encourages growth and development in regional areas. This can be achieved through strategic planning that sets aspirations and identifies key areas for growth for the future of regions, with input from the Regional Infrastructure Coordinator. In this way, the Government's regional plans provide an opportunity to assist in stimulating regional development.
Recommendation 12 That the Department of Planning and Environment consider modifying State Environmental Planning Policies to include development assessment methodologies that are more appropriate to the objectives of a rural zoning and supporting regional development.	Supported The NSW Government is committed to making approvals for low-impact, straightforward building projects easier and faster for homeowners and businesses in rural and regional NSW. The Department of Planning and Environment is proposing that a separate regional chapter tailored for regional development types and standards (known as the draft Inland Code) be inserted as part of the Code SEPP. More information on this program can be found at: http://planspolicies.planning.nsw.gov.au/index.pl?action=view_job&job_id=7373
Recommendation 13 That the Department of Planning and Environment review State Environmental Planning Policy(Infrastructure) 2007 with a view to simplify and better integrate its provisions with other planning documents. Recommendation 14 That the Minister for Planning and the Department of Planning and Environment prioritise the development and implementation of the Inland Code for exempt and complying development.	Supported The Department of Planning and Environment is reviewing State Environmental Planning Policy (Infrastructure) 2007 (Infrastructure SEPP) with a draft amendment to the Policy released for public exhibition on 4 February 2017. The proposed amendment has been developed in consultation with State agencies, councils, peak industry bodies and environmental groups. Supported See response to Recommendation 12.

That the Minister for Planning consider the suitability of implementing a Coastal Code for exempt and complying development for the benefit of non-metropolitan coastal regions in New South Wales.

Supported

As part of its commitment to the expansion and simplification of complying development, the Department of Planning and Environment will consider the suitability of implementing a Coastal Code for exempt and complying development for the benefit of non-metropolitan coastal regions in NSW.

It is noted that any proposed code will be consistent with the policy intent of the NSW Government's current coastal reforms as outlined in the draft Coastal Management SEPP and the Coastal Management Act 2016.

Recommendation 16

That the Minister for Planning review the feasibility of establishing separate Standard Instrument Local Environmental Plans for regional, coastal and metropolitan areas in New South Wales and publicly release the findings of this review.

Noted

The introduction of a Standard Instrument Local Environmental Plan in all council areas across NSW was a key part of planning reforms aimed at simplifying the planning system and achieving consistency and clarity in planning across the State.

The current Standard Instrument (Local Environment Plan) provides flexibility to enable councils in regional, coastal and metropolitan areas to develop local environmental plans reflective of the needs and priorities of their areas, while also maintaining a level of consistency between local government areas. Councils have the option to include local provisions in their local environmental plan to address particular local issues.

The Department of Planning and Environment will develop suitable model local clauses in discussion with local government for the Standard Instrument to address particular regional issues. Councils can then choose to include these provisions in their local environmental plan. In a future review of the Standard Instrument template, the Department will review mandatory provisions and consider the option of incorporating separate mandatory provisions for regional, coastal and metropolitan areas and removing any mandatory provisions that are not applicable to regional NSW, as well as the potential for separate standard instruments.

Recommendation 17

That the Department of Planning and Environment develop a policy to encourage regional local councils to incorporate more open zoning provisions in Local Environment Plans.

In principle support

One of the elements of flexibility In the Standard Instrument Local Environmental Zone is that councils are able to set the permissibility of land uses in zones in their local environmental plan based on local circumstances and strategic planning.

The Department of Planning and Environment has issued a Practice Note which provides advice to councils on a range of matters relating to zoning land under the SI LEP, including what to consider when deciding whether to make a zone open or closed.

There is a limited number of zones (Public Recreation, Environmental and Waterways zones), that the SI Order stipulates are to be 'closed zones' in the SI LEPs.

The Department of Planning and Environment will work with councils seeking to revise their local environmental plans to incorporate more open zoning and will review the relevant existing Practice Notes addressing this issue. This will include consideration of land use compatibility and the potential for land use conflicts in rural zones. The Department of Planning and Environment will consult with agencies and councils in reviewing the Practice Notes.

Recommendation 18

That in light of modern agricultural methods, requirements and opportunities, the Department of Planning and Environment review:

- the threshold for designated development Environmental Impact Statement triggers in the Environmental Planning and Assessment Regulation 2000 and
- the State Environmental Assessment Requirements.

Supported

The Department of Planning and Environment intends to review and re-make the Environmental Planning and Assessment Regulation 2000 which will provide the opportunity to consider the thresholds for designated development.

The Department of Planning and Environment's Environmental Assessment Improvement project is considering how the Secretary's Environmental Assessment Requirements can be better targeted to the scale and nature of the development.

Recommendation 19

That the Department of Planning and Environment issue an instruction on the gazettal of the Native Vegetation Regulatory Maps under Part 5A of the Local Land Services Act 2013, that E zones cannot be applied on land mapped as Category 1 Exempt Land under that Part, and on approval of works on Category 2 Regulated Land any E zone applied over that land is extinguished.

Noted

As E Zones are established under the *Environmental Planning and Assessment Act 1979*, instructions in the gazettal of the Native Vegetation Regulatory Maps (created under the *Local Land Services Act 2013*) would not impact how these zones are established on Category 1 and 2 land.

The Government acknowledges the concerns raised about ensuring E Zones are used appropriately.

A review of the use of E Zones on the NSW North Coast has resulted in new policy being developed for that area where councils must consider the primary use of land when considering an E Zone. This means on the NSW North Coast, E Zones can only be applied to land where the primary use is environmental purposes and the land has been validated as having ecological and environmental values that justify an environmental zoning. The Government is considering the implications of this policy for E Zones across the state.

The Department of Planning and Environment will consider the primary use of the land, and whether the land is mapped as Category 1 or Category 2, as one of the considerations in determining the suitability of any environmental zoning.

This would generally preclude land mapped as Category 1 (which is usually existing agricultural land) from being zoned for environmental conservation. Land mapped Category 2 land, which requires approval to clear, will be dealt with on a case by case basis. The Native Vegetation Regulatory Map will be used as one of the considerations before

determining the suitability of any environmental zoning. When the Department reviews relevant Practice Notes, it will clarify the role of the Native Vegetation maps in the zoning process.

The Department of Planning and Environment is also working with the Office of Environment & Heritage, Department of Primary Industries and Local Land Services to implement the new *Biodiversity Conservation Act 2016* and *Local Land Services Amendment Act 2016*. These reforms will enable continued protection of the natural environment and ongoing support for a sustainable and productive agricultural sector, along with reduction in red tape for landholders.

Further information about E Zones can be found at: http://www.planning.nsw.gov.au/Policy-and-Legislation/Environment-and-Heritage/Environmental-zones

Recommendation 20

That the Department of Planning and Environment encourage local councils to consider determining fit for purpose land when developing Local Environment Plans and land use strategies.

Supported

The essence of fit for purpose planning is to achieve a better understanding of suitable and capable landscapes for development activities. This is best achieved through the use of strategic planning. The introduction of the local strategic planning statement through the proposed amendments to the EP&A Act will give councils greater tools to achieve this recommendation. As noted, the local strategic planning statement will provide the opportunity to link land use strategy to local needs and priorities through the Community Strategic Planning process under the Integrated Planning and Reporting requirements of the Local Government Act.

The Department of Primary Industries has prepared a mapping guideline to identify important agricultural land in NSW that will be published shortly. This guideline will facilitate the appropriate recognition and protection of important agricultural lands in NSW. With this information, Councils can make better decisions when determining fit for purpose land.

Recommendation 21

That the Department of Planning and Environment conduct a review regarding the feasibility of implementing Priority Agricultural Areas, similar to the process adopted in Queensland.

Supported

The regional plans contain actions regarding collaboration with Department of Primary Industries - Agriculture, Councils and stakeholders to identify "important agricultural land". This mapping will incorporate biophysical data, supply chain infrastructure and socio-economic information and will identify future opportunities for particular agricultural industries. This mapping will be used to inform future strategic planning and local land use planning decisions.

The Department of Planning and Environment will work with agencies to consider the feasibility of implementing Priority Agricultural Areas, including consistency with the policy intent of the NSW Government's biodiversity reforms as set out in the *Biodiversity Conservation Act 2016* and *Local Land Services Amendment Act 2016* (to commence on 1 July 2017).

That the NSW Government initiate a whole of government consultative and stakeholder methodology to develop guidelines for a strategic fit for purpose land assessment process.

Supported

The Department of Planning and Environment will use this approach to develop the guidelines and oversee the implementation of the local strategic planning statements as identified in the Legislative Update proposals.

Recommendation 23

That the Department of Planning and Environment consider the Dubbo Infrastructure and Services Impact Model as part of its review of Voluntary Planning Agreements, and work with local councils to ensure they undertake adequate strategic planning to effectively implement any contribution models.

In principle support

The Department of Planning and Environment recently exhibited a policy package to help improve the transparency of Voluntary Planning Agreements (VPAs) relating to local development. Several regional councils have provided feedback to the Department during the exhibition, and the Department will take this into account when finalising the package.

The Dubbo Infrastructure and Services Impact Model relies on specific detailed data in outlining the potential value of certain impacts which may limit its applicability at a regional level.

Proponents of State Significant Development, such as mines, are not required to negotiate a VPA with affected local councils. However, a VPA may help to avoid, mitigate or offset some of the development's impacts on local communities. The Department of Planning and Environment considers that a VPA is a private agreement between the proponent and relevant local councils. The Department does not review or approve negotiated VPAs.