Submission No 27

INQUIRY INTO RURAL HOUSING AND SECOND DWELLINGS REFORM

Organisation: Bathurst Regional Council

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BATHURST REGIONAL COUNCIL

Wiradjuri Country
158 Russell Street
Private Mail Bag 17
Bathurst NSW 2795

Telephone 02 6333 6111
Facsimile 02 6331 7211
council@bathurst.nsw.gov.au
www.bathurst.nsw.gov.au

30 September 2025

The Chair
Select Committee on Rural Housing and Second Dwellings Reform
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Chair

Submission to the Inquiry into Rural Housing and Second Dwellings Reform

Please find **enclosed** Bathurst Regional Council's submission to the Select Committee's Inquiry into Rural Housing and Second Dwellings Reform.

This submission addresses the Committee's Terms of Reference and provides detailed commentary on the management of additional dwellings in rural areas, including:

- The distinction between secondary dwellings and full second dwellings and the implications for land use and development outcomes.
- The Council's experience under the RU1 Primary Production zone, which allows an additional dwelling on the same allotment to support intergenerational farming, while avoiding fragmentation of agricultural land.
- The pressures for subdivision, land value inflation, and increased service demands that can arise from additional dwellings, particularly where these dwellings do not generate additional rate revenue.
- The interaction with existing State planning policies, including SEPP (Housing) 2021, SEPP (Resilience and Hazards) 2021, the Biodiversity Conservation Act 2016, and the Bathurst Regional Local Environmental Plan 2014.
- Strategic considerations for RU2 Rural Landscape and RU4 Primary Production Small Lots zones, as they relate to the Bathurst Region, where additional dwellings are prohibited to protect high-value agricultural land and significant regional assets.

The submission aims to provide a constructive perspective on how reforms could balance housing needs with the protection of rural character, biodiversity, agricultural productivity, and sustainable land management.

Council welcomes the opportunity to provide further information or appear before the Committee to give evidence if that would assist in the review process.

Thank you for considering this submission.

Yours faithfully

Neil Southorn
DIRECTOR
ENVIRONMENTAL, PLANNING & BUILDING SERVICES

Bathurst Regional Council: Submission to Parliamentary Inquiry: Rural Housing and Second Dwelling Reforms

Thank you for the opportunity to provide comment on the proposed reforms relating to rural housing and second dwellings.

Regional Context

Bathurst Regional Council is approximately 372,269 ha in area and is located around a 2.5-hour' drive west of Sydney. It encompasses a diverse rural landscape with significant agricultural, environmental, and settlement values. The Local Environmental Plan provides for a substantial extent of land within the RU1 Primary Production zone, covering approximately 331,418 ha, reflecting the area's strong agricultural base and the importance of protecting productive rural land from fragmentation. In addition, Bathurst has a unique utilisation of the RU2 Rural Landscape zone, applied over approximately 214 ha, where it functions primarily as a preservation mechanism to safeguard the setting and operation of the internationally significant Mount Panorama motor racing precinct. Notably, the presence of high-value arable land along the Macquarie River floodplain zoned RU4 Primary Production Small Lots, spanning approximately 2,420 hectares, necessitates careful policy consideration to ensure its continued availability for sustainable agricultural use while balancing pressures for rural housing and secondary dwellings.

Clarification of Terminology

At the outset, it is necessary to seek clarification regarding the terminology applied. Specifically, does the term "second dwelling" refer to a secondary dwelling (i.e. a subordinate structure of restricted size, such as a granny flat permitted under the State Environmental Planning Policy (Housing) 2021[1]), or is the intent to permit a full additional dwelling of equivalent scale to the principal residence? This distinction is fundamental (ToR (a), (b), (e)), as the land use, environmental and economic implications of these two categories are materially different.

Existing Provisions and Practical Implications

Within Bathurst Regional LGA, provision already exists in the Bathurst Regional Local Environmental Plan 2014 to permit an additional dwelling on land zoned RU1 Primary Production. This dwelling must be located on the same allotment as the existing dwelling, with no opportunity for subdivision, to avoid further fragmentation of agricultural land. This approach has provided opportunities for intergenerational farming enterprises by enabling multiple generations to live and work on the same farm. However, in practice, Council experiences increasing pressure for subdivision as a flow-on effect of these approvals, particularly where family circumstances, succession planning or exit strategies create tension around the long-term use and ownership of the additional dwelling. This highlights the importance of ensuring that any reform balances the social benefits of supporting family farming arrangements with the need to resist fragmentation and protect the agricultural land base.

Financial Impacts on Local Government

Additional dwellings on the same allotment do not generate additional rate revenue, as council rates are calculated based on land value rather than the number of dwellings. The enabling of second dwellings without a corresponding increase in rates places additional pressure on Council's capacity to provide services and infrastructure to the community. This is particularly relevant in rural areas where service provision is already more costly and complex due to dispersed populations and infrastructure requirements. Any reforms should consider the fiscal implications for councils and the potential for additional dwellings to increase service demand without generating new revenue. While Section 7.11 and 7.12 contributions provide some upfront funding for infrastructure, they represent a one-off opportunity, whereas the costs of servicing development are ongoing.

Land Fragmentation and Strategic Planning

Any provision for additional dwellings must be explicitly constrained to the same allotment as the primary residence, without creating subdivision potential. This is essential to avoid fragmentation of rural landholdings (ToR (g)), which undermines agricultural viability, compromises landscape values, and generates cumulative pressure for further urban encroachment. The Central West and Orana Regional Plan 2036 reinforces this by stating:
"The fragmentation of rural lands will be minimised to protect the region's important agricultural sector and support ongoing farm productivity."[2]

Complying Development Concerns

It is strongly recommended that rural housing not be enabled as complying development (ToR (b), (c), (h), (i)). In rural environments, site-specific assessment is essential due to the variability and sensitivity of local conditions. Key considerations such as biodiversity values, bushfire risk, flooding risk, and the adequacy of both legal and physical access require careful evaluation that cannot be addressed through a standardised, one-size-fits-all approval pathway. The State Environmental Planning Policy (Resilience and Hazards) 2021 provides clear direction:
"The planning system must manage risks associated with natural hazards, including … flooding and land contamination, to protect communities, the environment and economic activity."[3]

Further, the Biodiversity Conservation Act 2016 requires consent authorities to consider the likely impact of development on threatened species and ecological communities. A complying development pathway would not provide the necessary rigor to ensure that impacts on biodiversity are properly assessed and mitigated (ToR (f)).

Strategic Zoning Considerations

Within the Bathurst Regional context, there are additional strategic considerations. The RU2 Rural Landscape zone functions in part to protect the setting of Mount Panorama, an internationally significant motor racing venue. The introduction of second dwellings in this location would be incompatible with this strategic land use objective. The RU4 Primary Production Small Lots zone similarly comprises prime agricultural land, much of which is also subject to flood hazard constraints. In both zones, secondary dwellings are permissible, but additional dwellings were expressly prohibited under the Bathurst Regional Local Environmental Plan 2014, reflecting the long-established strategic planning intent to preserve agricultural land, manage risk, and protect regional assets (ToR (a), (c), (d), (f)).

Economic Implications

It should also be recognised that permitting additional dwellings in rural zones increases the capitalisation of farms, inflating land values and further constraining the ability of new entrants and the next generation of farmers to purchase viable holdings. This outcome is contrary to the broader objective of supporting rural productivity and agricultural succession. The NSW Right to Farm Policy (2020) highlights:
"Maintaining the right to farm also requires protecting the long-term viability of the agricultural sector by ensuring access to affordable and productive land."[4]

This is directly relevant to ToR (g) and (j), which require consideration of the impact on rural activities, productive capacity, and housing affordability.

Accordingly, it is recommended that the Inquiry:

1. Clearly define whether reforms relate to secondary dwellings or full second dwellings, acknowledging the different implications (ToR (a), (b), (e)).
2. Restrict any additional dwellings to the same lot as the primary residence, with no opportunity for subdivision (ToR (g)). Bathurst Regional Council's experience under the RU1 Primary Production zone demonstrates that while this approach can successfully support intergenerational farming, it also creates downstream pressures for subdivision. Any reform must be carefully framed to avoid unintended fragmentation of rural holdings.
3. Exclude rural housing from the complying development pathway, ensuring site-specific merit assessment consistent with the SEPP (Resilience and Hazards) 2021 and the Biodiversity Conservation Act 2016 (ToR (b), (c), (f), (h), (i)).
4. Retain the existing prohibition on additional dwellings in the RU2 Rural Landscape and RU4 Primary Production Small Lots zones, as they apply under the Bathurst Regional LEP 2014 (ToR (a), (c), (d), (f)).

5. Consider the broader economic and social implications of increasing rural land capitalisation, particularly its impact on farm affordability and long-term viability, in line with the Central West and Orana Regional Plan 2036 and the Right to Farm Policy (ToR (g), (j)). The Bathurst RU1 framework highlights the delicate balance between enabling family succession through additional dwellings and inadvertently driving land value inflation, subdivision demand, and increased service pressures without generating additional rate revenue.
6. Include 'opt-in' clauses within the Standard Instrument Local Environmental Plan, enabling individual councils to adopt provisions that reflect local circumstances, rather than imposing uniform controls through a state-wide SEPP.

References

1. NSW Government, *State Environmental Planning Policy (Housing) 2021*.
2. NSW Government, *Central West and Orana Regional Plan 2036*, Objective 13.
3. NSW Government, *State Environmental Planning Policy (Resilience and Hazards) 2021*, Clause 1.3.
4. NSW Department of Primary Industries, *NSW Right to Farm Policy*, 2020, p. 6.
5. NSW Government, *Biodiversity Conservation Act 2016*.
6. Legislative Council, *Terms of Reference – Rural Housing and Second Dwellings Reform*, 27 August 2025, clauses (a)–(l).