

NSW PLANNING SYSTEM REVIEW

Response to Issues Paper

FEBRUARY 2012



Membership of Tourism & Transport Forum

Tourism & Transport Forum (TTF) is the peak industry group for the Australian tourism, transport, aviation and investment sectors. A national, member-funded CEO forum, TTF advocates the public policy interests of the 200 most prestigious corporations and institutions in these sectors.

TTF is one of Australia's leading CEO networks and represents over 460,000 employees. In addition to strong policy advocacy for its member sectors, TTF works at many levels to provide influence, access and value to member businesses.

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NSW Planning System Review

1. Introduction

The Tourism & Transport Forum (TTF) welcomes the opportunity to provide ongoing comment in relation to the NSW Planning System Review. The review of the Planning System is a positive opportunity to build a modern system for planning, development and assessment in NSW.

TTF is a national, member-funded CEO Forum, advocating the public policy interests of the 200 leading corporations and institutions in the Australian tourism, transport, aviation and investment sectors.

The NSW planning system plays a significant role in determining the supply of new tourism product to the market. The NSW government has committed to support the National Long Term Tourism Strategy and the 2020 Tourism Industry Potential goals. Both identify the need to bring new product, particularly accommodation, to market in order to double overnight tourism expenditure by the end of the decade. Specifically, the strategies state that between 40,000 and 70,000 new accommodation rooms will be required across Australia by 2020, with 28,000 required in NSW.

A modern planning system should help deliver government strategies. Given the important role the planning system plays in facilitating investment in new tourism product, any new legislation should not be at odds with the NSW government's commitment to grow the tourism industry in this state.

The new planning system should be simple, realistic and deliver certainty in the objectives it seeks to facilitate. The system should clearly articulate controls to ensure it is accessible for community and industry alike. A sense of certainty should also be delivered through the system. Community, government and investors should have a clear understanding of each other's rights and responsibilities and timeframes for deliverables. Finally, the planning system must be realistic in its expectations and not impose constraints that would undermine the viability of a proposal.

TTF recommendations

This submission will link the following five priority areas of reform to relevant segments outlined in the *Issues Paper* released in December 2011:

- Incorporate tourism growth potential targets into strategic planning;
- Change land-use definitions;
- Change or expand land-use zones in which tourism can be permitted;
- Improve mechanisms for formal advice from relevant tourism bodies on plan-making and development assessment; and
- Establish criteria for recognising and approving 'state significant' tourism developments.

Understanding tourism as an industry

The new NSW planning system needs to recognise the importance of tourism to the state economy, and the difficulty of planning for new tourism development. The industry is highly dependent on a healthy

relationship with other segments of the economy. Without proper planning that allows for transportation, environmental protection, and the flexibility to integrate tourism with other kinds of development, the potential for the industry to grow and innovate is diminished.

Defining tourism

Tourism is the activity generated by visitors travelling to, and staying in, places outside their usual environment for leisure, business and other purposes. By definition, 'tourism activity' stretches across multiple industries and ancillary services and further encompasses the visitor journey both to and within a destination.

Supply-side tourism is visitor infrastructure and the development of tourist facilities such accommodation, needed to meet existing and anticipated tourism demand.

Why tourism requires special attention

Tourism warrants a specific planning focus because:

- Tourism is a highly labour-intensive land use.
- Tourism has a strong 'spill over effect' into the general economy of an area.
- Tourism can create economic value from the environmental and social value inherent in an area.
- There is a market failure to adequately invest in tourism to maximise the social and economic benefits of this sector.

It is for these very important reasons that TTF is advocating for five priority areas of reform to be included in a future planning act for NSW.

Value of tourism to the NSW economy

Expenditure by international and domestic visitors makes a significant contribution to the state economy. In 2010-11, New South Wales welcomed 2.8 million international visitors, 24.1 million domestic overnight visitors and 49.7 million day trippers, representing 148.6 million visitor nights¹.

According to the most recent State Tourism Satellite Accounts², the tourism industry in New South Wales accounted for a total of \$28.7 billion in consumption, which:

- contributed \$11.1 billion in direct gross state product (2.7% of total GSP);
- directly employed 160,300 people (4.7% of total state employment); and
- generated \$6.2 billion in international export earnings for the state³.

In addition, the indirect contribution of tourism to New South Wales is:

¹ *Tourism Research Australia (2011), International and National Visitors Surveys, June 2011 editions*

² *Centre for Economics & Policy (2011), Tourism Satellite Accounts 2008–09: Summary Spreadsheets – The Economic Contribution of Tourism to Australian States & Territories*

³ *Tourism Research Australia (2011), International Visitors Survey, June 2011 edition*

- \$12.4 billion in additional indirect gross state product; and
- 129,000 additional indirect jobs created by tourism expenditure.

This brings the overall contribution of tourism to \$23.5 billion in GSP (5.8% of total GSP) and 289,300 jobs (8.5% of total state employment).

2. Priority areas for reform

National Tourism Planning Guide

In partnership with industry, TTF developed the *National Tourism Planning Guide – Regulatory Reform Priorities* document, as part of a tourism planning initiative responding to a renewed focus on the supply-side of the Australian tourism industry.

The *National Tourism Planning Guide- Regulatory Reform Priorities* document outlines a number of ways in which the NSW planning system should be reformed to enable the supply of new product for the industry. Without addressing the complexity of the planning system for tourism development, NSW stands to forfeit potential investment in new product and become less attractive to investors.

The following five priority areas respond to a number of questions raised within the NSW Planning System Review *Issues Paper* released in December 2011. The following priority areas have been linked with relevant segments within the issues paper.

Priority One: Strategic Planning

The *Issues Paper* identifies a number of questions in relation to the role of state and regional strategic planning (A6,A7,A8,C14,C15,C16). It was noted that strategic planning provides certainty to communities on the future development potential in their area. TTF argues that strategic planning also plays an important role in guiding commercial and investment decisions for the tourism industry.

Strategic planning should be elevated as a statutory instrument within the planning system to ensure a whole-of-government delivery of policy. There should be greater consultation with industry and the community to determine the goals of strategic plans in the formation process. This would allow for greater regional consensus on overall planning outcomes and help deliver a more consistent plan for a region.

Additionally, short-term accommodation supply targets should be mandated within each strategic plan for areas of high tourist visitation. Not unlike housing targets imposed on local government areas through LEP's, strategic plans should include land-use forecasts for tourism land use to help facilitate investment. Land-use forecasts should be updated in consultation with Destination NSW, aligned with the NSW Tourism Strategy and Towards 2020 – New South Wales Tourism Master Plan.

Both the *Issues Paper* and attendees of the ministerial planning forum also raised the need to consider the commercial realities of particular types of development when making plans. In high-value tourism areas, short-term accommodation can rarely compete with residential accommodation in terms of its commercial viability. Strategic planning needs to include consideration for the viability of tourism

development and, where possible, provide concessions and incentives through LEP's to ensure projects are feasible for investors.

TTF RECOMENDATIONS:

- Elevate the standing of strategic planning in a new NSW Planning Act.
- Include tourism growth potential and land-use forecasts within State-level strategic land-use plans.

Priority Two: Land-Use Definitions

NSW Councils are currently preparing (or have recently prepared) a council-wide LEP in accordance with the Planning NSW Standard LEP Template. Additionally, a review of the Standard LEP template is also underway. While TTF is actively engaged with the review process, TTF would like to draw the attention of the Planning System Review to the significant role land use definitions can play in limiting the supply of tourism accommodation.

Poor definitions relating to a range of short-term accommodation types contribute to limiting new product supply. Tourism uses range from nature-based accommodation, to caravan parks, to resort complexes, hotels and serviced apartments among others. TTF has argued for a review of the existing land-use definitions to allow for greater clarity between residential and short term accommodation.

TTF RECOMENDATION:

- Standard tourism land-use definitions and provisions should be included within each LEP to reflect 'template definitions' with those indicated in Appendix A.

Priority Three: Zones

TTF members have identified zoning as a significant regulatory burden to investment in new tourism product⁴. As a result tourism is often not a permitted land use or is prohibited in most land-use zones. Importantly, tourism is often excluded from areas zoned for environmental, residential and primary production uses to which it is ideally suited.

Prohibiting tourism as a land use within zones plays a significant role in limiting tourism development. To resolve this, tourism should be included as a permissible land use in a wider range of standard zones to effectively:

- Offset the need for short-term accommodation around a number of non-traditional demand drivers; and
- Create a comparable social, economic or environmental value for an area.

The current NSW planning system lacks the ability to differentiate between appropriate and inappropriate tourism development, instead usually opting to prohibit tourism altogether. It is recommended that adopting consistent tourism land-use definitions and expanding the range of zones in which tourism is a permitted use can increase the supply of land available for tourism growth, and deliver economic, social and environmental benefits to a range of areas.

⁴ *National Tourism Planning Guide: Key Issues and Future Directions, 2010*

The limitation of zoning has resulted in excluding short term accommodation development in zones where it would otherwise be appropriate. Examples include the current zoning definition for RU2 Rural Landscape, where farm-stay accommodation is included, regardless of the suitability of this type of land use within rural zones. The B7 Business Park zone also does not include tourist accommodation as a land use, which is unreasonable given the higher demand that this land use would generate for this specific type of tourism product. Appendix B provides a full list of zones where short-term accommodation would be suitable.

TTF RECOMENDATION:

- Permit tourism in a broad range of zones (supplied APPENDIX B), subject to an assessment of their merits, to increase the flexibility in relation to uses on the land and to recognise tourism as a viable activity.
- Expand zones in which tourism can be permitted.

Priority Four: Referrals & SEPPS

As discussed, the complex nature of tourism projects requires specific expertise in the plan making and development assessment process. To overcome this challenge, TTF argues that relevant government tourism bodies are consulted through both the plan making process and major project assessment.

Tourism bodies can provide useful advice to assessment decision makers on the need for and impact of tourism projects. They can also provide valuable input on amendments to land-use plans. Referral processes avoid the need for an applicant to obtain separate planning decisions from different bodies under different acts.

The opportunity exists to adopt a formal mechanism for consultation to ensure that local government bodies consider tourism strategies when preparing LEPs. This would ensure that land use planning in LEP's aligns with tourism strategies supported by government and is not at cross purposes.

The *Issues Paper* outlined competing views relating to the future of SEPP's. While the option of amending LEP's through regulation is proposed as an alternative to SEPP's, TTF is more focused on the outcomes of any change and how it would help deliver on the government's strategy to double overnight tourism expenditure by 2020. Should either option be adopted, Destination NSW should be given the power to provide comment to ensure that a regulation or SEPP is not at odds with government tourism strategies.

TTF RECOMENDATION:

- Adopt a referral process for Destination NSW in the formation of LEP's and major project assessment.

Priority Five: Major Project Assessment

The *Issues Paper* outlines discussion relating to state-significant development (D31). TTF strongly supports a pathway for the assessment of major projects by the NSW Department of Planning & Infrastructure within future planning legislation. Tourism development is often complex, integrated with other types of development or in sensitive environmental locations that require expert assessment and advice. Higher-

level expert understanding of tourism development is not commonly found at a local government level as projects will often be unique and complex in nature.

Further consultation is required to determine the criteria that would trigger major project status. Capital Investment Value (CIV) is a blunt instrument for determining the level of assessment required. A potential trigger for major project status could be the ongoing economic contribution driven by the proposal and its alignment with government goals set out within strategic plans for the region.

The Planning Assessment Commission (PAC) model, where experts in the field provide advice to objectively determine major projects should be retained. The PAC provides transparency and more objective decision making on planning decisions. However, the PAC should have a full time representative with tourism expertise appointed to provide ongoing input on the implications of all major projects on the tourism industry.

The *Issues Paper* outlines a debate about the future role of Joint Regional Planning Panels (JRPP's)(D70). TTF supports the retention of JRPP's (or a body with similar functions) that would have a larger regional planning focus. JRPP's have helped provide greater transparency and expertise on planning decisions without restrictive local political influence. The current balance of local and state representatives ensures that local and state interests are maintained. Once again the threshold that would trigger a JRPP determination should not be determined by CIV.

TTF RECOMENDATIONS:

- Return a major projects assessment pathway to future planning legislation.
- Maintain the role of the PAC and appoint a permanent representative with tourism expertise.
- Maintain the JRPP system.
- Introduce an economic contribution trigger for major project and JRPP determinations.

3. Appendix

APPENDIX A- Tourism Land-use Definitions

Use	Definition	Examples Include
Short-Term Accommodation	The use of premises for temporary short-term accommodation for tourists and visitors (typically not exceeding three consecutive months).	Accommodation Hotel, Backpacker Hostel, Bed and Breakfast, Cabins, Camping Ground, Caravan Park, Nature-Based Tourism, Farm-Stay, Holiday Letting, Motel, Resort Complex and Serviced Apartment.
Accommodation Hotel	Tourist and visitor short-term accommodation ¹ (whether or not licensed under the relevant State Liquor Licensing Act) comprising rooms and suites generally not self contained and which provide ancillary services and may include the provision of food and beverage.	NA
Backpacker Hostel	Short-Term Accommodation for the purpose of lodging more than 1 person in a shared capacity and providing either communal bathrooms, kitchen, laundry and/or sleeping areas.	Backpacker Hostel uses include but are not limited to: - Backpacker Lodge. - Boarding House. - Hostel.
Bed and Breakfast	A residential dwelling house providing tourist and visitor short-term accommodation on a commercial basis. Bed and Breakfast facilities are operated and maintained by the resident host and guests are generally provided with breakfast.	NA
Cabins	Detached, self-contained tourist and visitor short term accommodation units that may or may not be serviced by a managing body.	NA
Camping Ground	Land designated and managed for the purpose of short term recreational lodging or camping in tents or other temporary shelter. Sites may or may not include amenity buildings, cabins and managers' facilities	NA
Caravan Park	The use of premises for the parking and/or siting of two or more mobile accommodation facilities such as caravans, cabins or relocatable homes. Sites may include ancillary facilities for park patrons such as amenity buildings, recreational facilities, storage areas, a convenience shop, and manager's facilities.	NA
Nature-based Tourism	The use of land or premises for a tourism activity, including tourist and visitor short-term accommodation, that is intended for the conservation, interpretation and appreciation of areas of environmental, cultural or heritage value, local ecosystem, and attributes of the natural environment. Nature-based tourism activities typically: - Maintain a nature based focus or product. - Promote environmental awareness, education and conservation. - Carry out sustainable practices.	Nature-based tourism facilities include but are not limited to: - environmentally responsible accommodation facilities including lodges, cabins, huts and tented camps.
Farm-Stay	The use of a working farm to provide short-term accommodation for tourists and visitors to experience farm living. It is a secondary business to primary production.	NA
Holiday Letting	The use of a residential dwelling for short-term accommodation for commercial gain or reward where tourists and visitors have a principal place of residence elsewhere.	NA
Motel	Premises to provide short-term accommodation for tourists and visitors in serviced rooms where provision is made for the parking of guests' motor vehicles convenient to the rooms, whether or not the premises is also used to provide meals to guests or the general public.	NA
Resort Complex	Premises for tourist and visitor short-term accommodation that includes integrated leisure facilities, including but not limited to restaurants and bars, meeting and function facilities and sporting and fitness facilities.	NA
Serviced Apartment	Short-Term Accommodation where such units are self-contained, may provide ancillary services for visitors and are regularly serviced and maintained by the owner or manager of the building	NA

APPENDIX B- Tourism Zoning Table

Land Uses	Visitation demand	Compatible short term accommodation	
Residential (General)	Residential land attracts tourism demand from people visiting their friends and relatives that are living in the area.	- Accommodation hotel - Bed and breakfast - Caravan park	- Holiday letting - Motel - Serviced apartment
Residential (Intensive)	Retirement villages, seniors housing and other intensive residential land uses create strong demand for tourism from people visiting friends and relatives that are in the area.	- Accommodation hotel - Bed and breakfast - Caravan park	- Holiday letting - Motel - Serviced apartment
Recreation	Recreation and community land uses attract different types of tourists including holiday makers, and other leisure tourists.	- Resort complex - Caravan park - Cabin - Camping ground	
Rural	Rural land uses attract visitors such as working holiday makers, farm stay tourists and visiting friends and relatives or permanent residents in rural areas.	- Backpacker hostel - Bed and breakfast - Cabins - Caravan park	- Camping ground - Nature-based tourism - Farm stay - Resort complex
Commercial centres	Commercial centres drive corporate and business travel to CBD areas and other urban centres, creating demand for short term accommodation and meeting space. Commercial centres also drive commercial retail visitation and attract conferences, conventions and other meetings.	- Accommodation hotel - Backpacker hostel - Bed and breakfast - Caravan park - Holiday letting - Motel - Serviced apartment	
Industrial precincts	Industrial precincts drive corporate and business travel, creating demand for short term accommodation and meeting space.	- Accommodation hotel - Bed and breakfast - Caravan park - Motel - Serviced apartment	
Environmental	Environmental areas create strong demand for leisure tourism, including nature based tourism.	- Nature based tourism accommodation - Resort complex	
Education	Education land uses attract students seeking residential and short-term accommodation. These students also attract visitation from their friends and family.	- Accommodation hotel - Backpacker hostel - Caravan park - Holiday letting - Motel - Serviced apartment	
Health and Medical	Health and medical land uses such as hospitals and rehabilitation facilities attract tourism demand from people that are visiting friends and relatives, and visitors who travel for specific health services and consequently need supporting short term accommodation.	- Accommodation hotel - Backpacker hostel - Caravan park - Holiday letting - Motel - Serviced apartment	
Correctional Facilities	Correctional facilities and law and justice facilities drive tourism demand through visitation by people visiting their friends and relatives.	- Accommodation hotel - Backpacker hostel - Caravan park	- Holiday letting - Motel - Serviced apartment
Leisure and Tourism Facilities	Creates demand for holiday makers and other leisure tourists to use facilities or attend events.	- Accommodation hotel - Backpacker hostel - Bed and breakfast - Cabins - Caravan park - Camping ground	- Nature-based tourism - Farm stay - Holiday letting - Motel - Resort complex - Serviced apartment