

# National Competition Policy – Bilateral Schedule

## FEDERATION FUNDING AGREEMENT – AFFORDABLE HOUSING, COMMUNITY SERVICES AND OTHER

Table 1: Formalities and operation of schedule							
Parties	Commonwealth New South Wales						
Duration	This Schedule is expected to expire on 31 December 2034.						
Purpose	This Schedule will support the delivery of the National Competition Policy multilateral Schedule. It contains New South Wales's Jurisdiction-Specific Reform Plan that details how New South Wales will deliver the Objectives and Performance Requirements of the multilateral Schedule.						
Estimated financial contributions	<b>Table a</b> (\$ million)				<b>% of maximum funding allocation</b>	<b>Maximum funding allocation (\$ million)</b>	
	<b>Liberalise and standardise commercial zoning rules and review planning requirements to ensure they do not distort competition</b>						
	Output 1	Performance milestone 1		0%	0.000		
		Performance milestone 2		20%	14.600		
	Output 2	Performance milestone 1		0%	0.000		
		Performance milestone 2		20%	14.600		
	Output 3	Performance milestone 1		0%	0.000		
		Performance milestone 2		30%	21.900		
	Output 4	Performance milestone 1		0%	0.000		
		Performance milestone 2		22.5%	16.425		
	<b>Estimated total budget</b>					<b>67.525</b>	
	<b>National competition principles</b>						
	Output 1	Performance milestone 1		100%	5.000		
	<b>Estimated total budget</b>					<b>5.000</b>	
<b>Table b</b> (\$ million)	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	<b>Total</b>	
<b>Estimated total budget</b>	6.753	51.722	1.350	12.700	0.0	<b>72.525</b>	
Less estimated National Partnership Payments	6.753	51.722	1.350	12.700	0.0	72.525	
NSW	0.0	0.0	0.0	0.0	0.0	0.0	

	<p>2026-27: 10% Planning and Zoning, Output 1 and 4 2027-2028: 69.19% Planning and Zoning, Output 1, 2, 3 and 4, 100% Principles Output 1 2028-29: 2% Planning and Zoning, Output 3 2029-30: 18.81% Planning and Zoning, Outputs 2, 3 and 4 <i>Note: Payment arrangements are indicative as determined by the reporting requirements under clauses 41 to 45 of the NCP FFA</i></p>
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Table 2: Performance requirement		Delivery mechanism			
Output	Performance Milestone	Implementation approach	Delivery date	Payment	Dependencies
<b>Liberalise and standardise commercial zoning rules and review planning requirements to ensure they do not distort competition</b>					
Project 1: Implement measures to limit anti-competitive objections to development	<ol style="list-style-type: none"> <li>States and Territories Parties review their respective commercial zoning rules and planning requirements against Guidelines to identify how to achieve the Project</li> <li>1 Output.</li> <li>States and Territories Parties respectively implement reforms to limit anti-competitive objections to commercial development.</li> </ol>	<p>NSW has satisfied these Performance Milestones with previous work. Previous work aligns with guidelines [1a) ii] and [1b] (see attachment A). Previous work deviates from guidelines [1a) i] which limit nuisance objections to development that are not in the public interest:</p> <ul style="list-style-type: none"> <li>merit-based third-party appeals are limited to 'designated developments' (especially sensitive developments) and only by person who made an objection during the public exhibition of the development application</li> <li>anti-competitive appeals are prohibited</li> <li>raised the threshold for public objections for state significant developments</li> <li>introduced Local Planning Panels to de-politicise decision-making processes.</li> </ul>	30/06/2027	\$10.95m for reforms completed prior to 29/11/25 upon delivery of material addition progress under Outputs 1, 3 and 4 per Clause 39 of the NCP FFA Schedule.	

		<p><b>Comply with guidelines with new reform actions</b></p> <p>Since signing the FFA, NSW has refined its submission and appeal processes to enhance certainty in the planning process, thereby acquitting guideline [1a) iii].</p> <ul style="list-style-type: none"> <li>On 7 March 2025, the <i>Environmental Planning and Assessment Amendment Bill 2025</i> was passed in Parliament, which legislated to clarify that only submissions made during the formal public exhibition period will be counted and considered under Schedule 1, EP&amp;A Act.</li> </ul> <p>Refer to Attachment A, which details the progress NSW has previously made towards meeting the Performance Requirements and provides supporting evidence that NSW has fulfilled the performance milestone with deviations from guidelines.</p>	07/03/2025	\$3.65m	
<p>Project 2: Remove anti-competitive considerations from planning, rezoning and development processes</p>	<p>1. States and Territory Parties review their respective planning, zoning rules and development processes against Guidelines to identify how to achieve the Project 2 Output.</p>	<p>NSW has satisfied section [1a and 1c] of the guidelines (see Attachment A). Previous actions have removed anti-competitive considerations from planning, rezoning and development processes. Existing case law has clarified that existing legislation rules out competition as a basis for development assessment refusal or a planning consideration, covering factors a and c (see attachment A).</p> <p>While there are no known examples of anticompetitive considerations being upheld in NSW, factors a-e are not explicitly excluded as planning considerations in legislation, so NSW has technically deviated from the guidelines with these previous actions.</p>	30/06/2027	<p><b>\$7.30m</b> for reforms completed prior to 29/11/25 upon delivery of material addition progress under Output 1, 3 and 4 per Clause 39 of the NCP FFA.</p> <p><b>\$7.30m</b></p>	

<p>2. States and Territory Parties implement reforms to remove anti-competitive elements from their respective planning, rezoning and development processes in local government areas.</p>	<p><b>Comply with guidelines with new reform actions</b></p> <p>NSW will undertake additional reform to be fully consistent with the Guidelines [1a-e].</p> <ul style="list-style-type: none"> <li>• NSW will develop formal guidance for all consent authorities to ensure accurate and consistent application of legislation, particularly s4.15 of EP&amp;A Act.</li> <li>• This guidance would clarify that authorities must consider both the costs and the benefits of a development; as well as that competition not being a sufficient consideration under the EP&amp;A Act to decline a DA. The guidance will use the specific factors in 1(a)-(e) of the Guidelines as explicit examples.</li> <li>• The guidance will help ensure that planning authorities avoid inadvertently making anti-competitive decisions, particularly when assessing the cumulative impacts of development within an area.</li> </ul> <p>Attachment A sets out the public interest argument for using guidance rather than legislation to achieve this goal.</p>	<p>31/12/2028</p>		
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<p>Project 3: In development control instruments, increase the number of purposes for which land can be used</p>	<ol style="list-style-type: none"> <li>States and Territory Parties review their development control instruments against Guidelines to identify how to achieve the Project 3 Output.</li> <li>States and Territory Parties in their respective development control instruments, implement</li> </ol>	<p>NSW has satisfied sections [1], [3] and [4] in the Guidelines. NSW has already undertaken major reforms to reduce the number of zones and expand the permissible uses of these zones, increasing the number of purposes for which land can be used (see Attachment A).</p> <p><b>Comply with guidelines with new reform actions</b></p> <p>NSW will undertake additional reforms that align with the Guidelines.</p> <p>NSW will make amendments to the Standard Instrument Local Environmental Plans to increase flexibility and certainty for land uses. This includes:</p> <ul style="list-style-type: none"> <li>[1] Updating retail and industrial land use definitions in the Standard Instrument (Local Environmental Plans) to ensure they reflect current practices and do not inadvertently disadvantage businesses and restrict land uses.</li> </ul>	<p>30/06/2027</p>	<p><b>\$9.7495m</b> for reforms completed prior to 29/11/25 upon delivery of material addition progress under Outputs 1, 3 and 4 per Clause 39 of the NCP FFA.</p>	
				<p><b>\$0.67425</b></p>	
				<p><b>\$0.67425</b></p>	

<p>reforms to increase the number of commercial purposes for which land can be used in local government areas.</p>	<ul style="list-style-type: none"> <li>• [1] Introducing amendments to enable a broader range of additional compatible land uses on the lower levels of 'shop-top' housing developments in mixed-use zones, which would increase the number of purposes to which the land can be used.</li> <li>• [1] Increase flexibility in employment zones by reducing the reliance of the planning system on land use proxies (narrow land use terms) and business size (e.g. floor space caps) to manage impacts, where those potential impacts can be adequately measured at the development application stage. This increased flexibility opens up more sites for businesses that could bring lower prices and new service offerings to local communities. For example, there might be appropriately located and sized land parcels in the E3 zones where a larger supermarket could be developed where the impacts on surrounding land are manageable and could result in lower prices for local residents.</li> <li>• [2a] Developing guidance to accompany the land use definitions that will outline requirements for planning proposal authorities to demonstrate in their planning proposals the public interest reasons why they may prohibit some land uses in some zones.</li> <li>• [3] Expanding permissible uses by making employment zones open zones.<sup>1</sup> Permitting any other use in addition to the nominated land uses with consent in a zone increases the number and variety of emerging land uses that are compatible with the zone objectives and enable them to be considered on their merits.</li> <li>• [3] Updating permissible uses in employment zones to ensure a broader range of uses can be supported</li> </ul>	<p>31/12/2028</p> <p>31/12/2028</p> <p>31/03/2027</p> <p>31/12/2027</p>	<p>\$1.3505m</p> <p>\$1.3505m</p> <p>\$1.3505m</p> <p>\$1.3505m</p>	
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		<ul style="list-style-type: none"> <li>where consistent with the objectives of the zone and surrounding land uses.</li> <li>[3] and [4] NSW will amend the <i>State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 (Codes SEPP)</i> to reduce administrative barriers and support more responsive use of commercial premises. This includes enabling the change of use between more commercial and light industrial uses as exempt development (without merit assessment).</li> <li>[3] and [4] Expanding hours of operation and trading for industrial land and other employment zones, and for businesses under the Cultural State Environment Planning Policy (SEPP). Changes in the proposed Cultural SEPP will streamline the approval processes to reduce the regulatory burden and associated costs for businesses and councils.</li> <li>[3 and 4] Developing a new centres policy that allows for more, and denser, centres in places that people and businesses need them (e.g. around transport infrastructure and population growth areas). It will provide strong guidance to councils on robust and evidence-based strategic planning that considers the economic role and community benefits of centres and will avoid restricting competition. This will complement updated state strategic planning that will directly identify new and expanded centres.</li> </ul>	<p>31/12/2026 (industrial) 31/12/2028 (retail)</p> <p>31/03/2026</p> <p>31/12/2026</p> <p>31/12/2026</p>	<p>\$0.67425</p> <p>\$0.67425</p> <p>\$1.3505m</p> <p>\$1.3505m</p> <p>\$1.3505m</p>	
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Project 4:	1. States and	NSW has satisfied guideline [1] with previous actions. NSW	30/06/2027	\$8.4125m for
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<sup>1</sup> Some councils apply closed zones, meaning any uses that are not prescribed under 'permitted with consent' are prohibited. Open zones specify the uses that can be undertaken without consent and the uses that are prohibited. Typically any other uses are permitted with consent in open zones.

<p>Streamline criteria and processes for development assessment and rezoning</p>	<p>Territory Parties review their respective criteria and processes for development assessment and rezoning against Guidelines to identify how to achieve the Project 4 Output.</p> <p>States and Territory Parties implement reforms to streamline their respective criteria and processes for commercial development assessment and rezoning in local government areas.</p>	<p>has also undertaken key reforms to reduce duplication, and expand fast-track, exempt, and complying pathways for businesses and industrial uses [Guidelines 2, 3 and 4] (see Attachment A).</p> <p><b>Comply with guidelines with new reform actions</b></p> <p>NSW will undertake further actions to fully acquit guidelines [2], [3] and [4]. This includes a new package of reforms in the medium term:</p> <ul style="list-style-type: none"> <li>• [2], [3] and [4] Developing a bill to expand the code assessed pathway aimed at increasing the proportion of applications assessed via Complying Development Certificate (CDC) [‘as of right’ development] from 45 per cent to 75 per cent, for all development types. This will provide a fast, streamlined assessment track. <ul style="list-style-type: none"> <li>– [4] Expanding the existing CDC pathway to allow minor variation in complying standards to be approved via CDC process, rather than triggering a DA process. Councils’ discretion to re-assess the entire development would be limited, to only the portion which exceeds the pre-defined standards.</li> <li>– [3] and [4] Legislating prescribed timeframes for assessing the minor variations to the CDC, and if not completed within time, the variation would be deemed approved.</li> <li>– [2] and [4] Implementing a new assessment pathway that will streamline and accelerate decision-making for DAs declared to be ‘targeted assessment development’. This pathway could be available wherever strategic matters have been considered upfront or</li> </ul> </li> </ul>	<p>30/06/2027</p>	<p>reforms completed prior to 29/11/25 upon delivery of material addition progress under Outputs 1, 3 and 4 per Clause 39 of the NCP FFA.</p> <p><b>\$3-5595m</b></p>	
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		<p>detailed controls manage the impacts of the development. Eligible projects would not require a full merit assessment process and potentially remove consultation and other process requirements, thereby simplifying the DA process.</p> <p>These new pathways will remove the requirement for some technical reports for low-risk proposals, reducing duplication where the reports are used for zoning and DA approvals.</p> <ul style="list-style-type: none"> <li>• [4] Amending the Western Sydney Precincts SEPP (Aerotropolis) to reduce the types of development applications that must go through a design review panel or design competition in the Aerotropolis and provide a more streamlined and flexible process. This will ensure developments that have limited or no benefit from going through additional design processes do not have to, such as certain industrial developments and minor development. It will reduce costs and delays to development.</li> </ul> <p><b>Deviate from guidelines with actions since signing the 2024 FFA</b></p> <p>NSW will also introduce two authorities to streamline assessment and approvals processes for applications that have high benefits.</p> <ul style="list-style-type: none"> <li>• [4] establishing the Development Coordination Authority (DCA) to streamline assessment processes by centralising agency concurrence and referral requirements and advice on DA assessment, resolve conflicting agency advice, and streamline the post-consent phase of the development assessment</li> </ul>	<p>31/12/2028</p>	<p>\$1.3505m</p>	
			<p>Completed 30/11/2025</p>	<p>\$1.55125</p>	



	<p>policies and processes, per the requirements in Schedule 4 of the Intergovernmental Agreement on National Competition Policy; established or updated processes to ensure regulators in their jurisdictions consider the impact of their decisions on national competition where necessary, per the requirements in Schedule 5 of the Intergovernmental Agreement on</p>	<p>more simplified, streamlined and independent complaints mechanism.</p> <p>The updates will also respond to the findings of the Independent Pricing and Regulatory Tribunal (IPART)'s review of NSW's competitive neutrality policies and processes.</p> <p><b><u>Schedule 5 requirements (national competition impacts of regulators' decisions)</u></b></p> <p><i>Guide to better regulation (GTBR)</i></p> <ul style="list-style-type: none"> <li>- The GTBR will be updated to make it clear that government decisions should not create or entrench material barriers to the supply of goods, services and workers from other Australian jurisdictions unless in the public interest.</li> <li>- Users are already required to consider options that harmonise legislative requirements with other jurisdictions under the current GTBR.</li> </ul> <p><b><u>Schedule 6 requirements (publish efficient charging guide)</u></b></p> <p><i>Efficient charging guide</i></p> <ul style="list-style-type: none"> <li>- This document will be made available on the NSW Treasury website where anyone can access it.</li> <li>- The new guide will include mandatory requirements, recommendations and guidance on charging for government-provided goods and services. Charges will consider factors including direct costs, externalities, and whether it is feasible</li> </ul>	<p>31/12/2026</p>	
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	<p>National Competition Policy; and established or updated an efficient charging guide for government-delivered goods and services where necessary, per the requirements in Schedule 6 of the Intergovernmental Agreement on National Competition Policy.</p> <p>4.</p>	<p>for efficiency improvements to reduce the cost of providing the good or service.</p> <p><b>Institutional arrangements for delivery</b></p> <p>NSW Treasury to oversee implementation as the owner of the relevant policies. Competitive neutrality will be undertaken in collaboration with Office of Local Government. IPART will be the sole complaints body for competitive neutrality complaints.</p>			
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The Parties have confirmed their commitment to this schedule as follows:

*Signed for and on behalf of the Commonwealth  
of Australia by*



**The Honourable Jim Chalmers MP**  
Treasurer

01/05/2026

*Signed for and on behalf of the  
State of NSW by*



**The Honourable Daniel Mookhey MP**  
Treasurer

4/6/26