

October 2019

Kickstarting the  
productivity conversation

# NSW Productivity Commission



# Commissioner's Message

This Discussion Paper is the first major publication produced by the NSW Productivity Commission and its main aim is to start a conversation about how the NSW Government can best support continued growth in the State's living standards.

A number of recent reports have outlined the productivity challenges facing Australian governments. These include an ageing population, the increasing costs of healthcare, energy and housing. This is the first document that outlines the specific productivity challenge New South Wales faces.

When I was appointed, the Treasurer tasked me with spearheading a reform agenda focused on four core themes:

- making it easier to do business
- lowering the cost of living
- making housing more affordable, and
- making NSW the easiest state to move to.

This Paper is just one component of a much wider body of work being developed across the NSW Government to give effect to the Premier's Priorities and other NSW Government objectives.

The private sector is a central driver of productivity. This is where the innovations and strategies needed to propel our economy into the future, and the investment that extends the capacity of our economy will come from. Government's role is to ensure the rules are set in a way that best fosters an innovative spirit, enabling business to meet consumer preferences. Rapidly advancing digital technologies will be a critical enabler of productivity by expanding economic opportunity, particularly for regional communities.

As the Nobel Prize-winning economist Paul Krugman said: "Productivity isn't everything, but in the long-run it is almost everything." The way we address our productivity challenges will shape our economy and the living standards of New South Wales households in the decades to come. The choices that governments make in the following years will also determine whether our grandchildren grow up in a state that continues to enjoy some of the highest living standards in the world.

In issuing this Discussion Paper, the NSW Productivity Commission is not outlining NSW Government policy. We're starting a community conversation about how we best respond to these challenges and about the choices we face.

This is the first step in developing a productivity reform agenda for New South Wales. Our next report, a New South Wales Productivity Green Paper, will be shaped by the issues outlined in this paper and the feedback we receive from stakeholders and the wider community over the coming months. A further round of consultation will then inform the development of a Productivity White Paper, which will include clear recommendations for the NSW Government as it shapes its productivity reform agenda.



**Peter Achterstraat AM**  
NSW Productivity Commissioner

---

# Secretary's Message

Dear Commissioner,

It is with great pleasure that I receive the Productivity Discussion Paper, the first major publication by the New South Wales Productivity Commission.

Release of the Discussion Paper provides a platform to start a conversation around productivity to ensure the right priorities have been identified and define what policy options should be considered.

New South Wales has always been a strong economic force. In the last five years, we have outperformed the nation in terms of economic growth and job creation. With a sound policy environment, record spending on the State's infrastructure program, and high workforce participation, we have enjoyed the opportunities and progress that have allowed us to prosper.

We cannot, however, rest on our laurels or fail to acknowledge the risks to this success. Productivity growth has declined in New South Wales, as it has in Australia and much of the world, since the turn of the millennium.

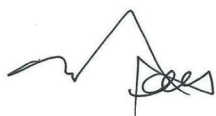
Declining productivity growth, along with other risks outside our control, including an ageing population and lower terms of trade, means more is needed to overcome the challenges of tomorrow. A new productivity reform agenda offers us the opportunity to meet these challenges so New South Wales continues to be a great place to live, work, start a business, and raise a family.

This Discussion Paper is an important step in starting the conversation about the need to drive ongoing reform in New South Wales.

The Discussion Paper will be followed by Green and White Papers, set for release in 2020. These papers will complement the vision for the NSW economy set out in the Economic Blueprint, which will present long-term strategies to deliver the next phase of economic growth.

I look forward to future publications from the NSW Productivity Commission as part of the ongoing work to deliver future growth and prosperity for NSW citizens.

Kind Regards,



**Michael Pratt AM**  
NSW Treasury Secretary

# Glossary

ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
ADG	Apartment Design Guide
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AI	Artificial Intelligence
AMR	Automatic Mutual Recognition
ANZSCO	Australian and New Zealand Standard Classification of Occupations
API	Application Programming Interface
AQF	Australian Qualifications Framework
ASQA	Australian Skills Quality Authority
ATAR	Australian Tertiary Admission Rank
BCA	Business Council of Australia
BITRE	Bureau of Infrastructure, Transport and Regional Economics
CASA	Civil Aviation Safety Authority
CBD	Central Business District
CEPA	Cambridge Economic Policy Associates
CET	Clean Energy Target
CIE	Centre for International Economics
COAG	Council of Australian Governments
CoPS	Centre of Policy Studies
CPD	Continuing Professional Development
CSIRO	The Commonwealth Scientific and Industrial Research Organisation
CSO	Community Service Obligation
DA	Development Application
DPE	Department of Planning and Environment
DPI	Department of Primary Industries

DPIE	Department of Planning, Industry and Environment
EIS	Emissions Intensity Scheme
FCA	Financial Conduct Authority
GDP	Gross Domestic Product
GPOP	Greater Parramatta and Olympic Peninsula
GPS	Global Positioning System
GSOO	Gas Statement of Opportunities
GSP	Gross State Product
GST	Goods and Services Tax
HELP	Higher Education Loan Program
ICT	Information and Communications Technologies
IGR	Intergenerational Report
INSW	Infrastructure NSW
IPART	Independent Pricing and Regulatory Tribunal
ISP	Integrated System Plan
IWCM	Integrated Water Cycle Management
LAHC	Land and Housing Corporation
LEP	Local Environment Plan
LGA	Local Government Act
LGCI	Local Government Cost Index
LNG	Liquefied Natural Gas
LWU	Local Water Utility
MEB	Marginal Excess Burden
MFP	Multifactor Productivity
NAPLAN	National Assessment Program – Literacy and Numeracy
NEG	National Energy Guarantee
NEM	National Electricity Market
NOLA	National Occupational Licencing Authority
NPR	National Performance Report
NRAR	Natural Resources Access Regulator
NSW	New South Wales
NZ	New Zealand
O*NET	Occupational Information Network
OECD	Organisation for Economic Co-operation and Development

OLG	Office of Local Government
PC	Productivity Commission
PIC	Place Infrastructure Compact
PISA	Programme for International Student Assessment
RABs	Regulated Asset Bases
REDS	Regional Economic Development Strategies
RET	Renewable Energy Target
RTOs	Registered Training Organisations
SCATS	Sydney Coordinated Adaptive Traffic System
SICs	Special Infrastructure Contributions
SIS	State Infrastructure Strategy
SOC	State-Owned Corporation
TAFE	Technical and Further Education
ULV	Unimproved Land Value
UK	United Kingdom
US	United States
VET	Vocational Education and Training
WA	Western Australia
WHS	Workplace Health and Safety
WTP	Willingness to Pay

# We're starting a conversation about productivity and you're invited to have your say

The Office of the NSW Productivity Commissioner (the Commission) was established to drive productivity improvements that enhances the lives of all residents, businesses and communities in New South Wales. Stakeholder participation in the policy-making process is critical to achieving this goal.

We want meaningful community discussion about why we need to make changes, the long-term benefits, areas of immediate focus, and designing and implementing changes. We are releasing this Discussion Paper, ahead of the development of detailed reform options, to enable community input early in the process and to better understand the positive and negative impacts of reform, as well as transitional issues.

The Commission encourages interested parties to make written submissions by 27 November 2019. These can be of any length and do not need to cover every issue raised.

## General discussion questions

- Do you agree with the six focus areas identified—outlined in Chapter 3 and subsequent chapters—for a productivity agenda?
- Do you agree with the issues and challenges identified for each focus area? What other issues should we consider?
- What reform options should we consider (see areas for specific feedback identified throughout the Paper)?

Written submissions can be submitted to: <http://productivity.nsw.gov.au/>. Submissions may be published on the Commission website unless accompanied by a request for confidentiality.

The Commission will also seek additional feedback through targeted face-to-face consultation. This feedback will be used to develop a productivity reform Green Paper for publication in the first half of 2020, followed by the release of a White Paper later in the year. The White Paper will include a recommended reform agenda for consideration by the NSW Government.

# Executive summary

## To secure the best future for New South Wales, it's time we started making our own luck

Australia and New South Wales benefitted greatly from a once-in-a-generation surge in the terms of trade between 2003-04 and 2011-12, which supported improvements in living standards. New South Wales has long been the economic hub of Australia, and has been the destination of choice for the most productive industries, businesses and workers. This economic activity has delivered high wages and living standards for communities across the State.

But we cannot be complacent. China's economic growth has slowed, the terms of trade boom has subsided, and real wage growth has stagnated. Business investment has fallen as a share of the economy. Annual productivity growth in New South Wales has slowed from more than two per cent throughout most of the 1990s to less than one per cent in the past decade.

We also face challenges in the future. An ageing population means a smaller proportion of the population will be working to support the living standards of our communities. Automation and other technologies present opportunities but will also disrupt labour markets. Growth must therefore be sustainable to manage future challenges and safeguard the living standards of future generations.

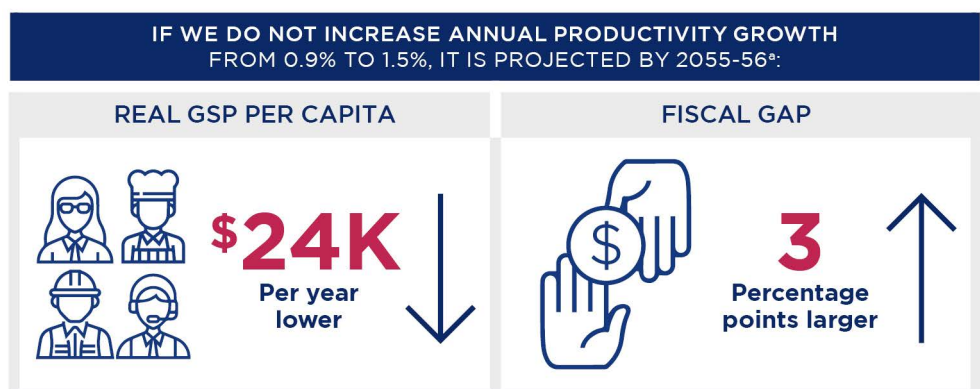
These are global issues, but we must take a proactive approach to solving them for our communities. Productivity growth—working smarter not harder—is the only reliable way to deliver long-term improvements in living standards. It's time to make our own luck.

## We can no longer rely on traditional economic levers

With interest rates at record lows and a massive pipeline of investment in infrastructure already underway, the usual economic levers are reaching their limit. Creating a more productive New South Wales is one lever we can still pull to drive long-term, sustainable growth and improvements in real incomes.

Productivity growth is not just about maximising economic output. To achieve sustainable improvements in living standards we need to ensure that everyone can participate in the economy and reach their full potential. Any negative impacts of reform must also be appropriately managed.

FIGURE ES.1: IMPACT OF PRODUCTIVITY IMPROVEMENTS



\*NSW Treasury preliminary modelling. Note: 0.9 per cent is current annual average growth rate since 2011-12; 1.5 per cent is the long run annual growth rate assumed by the IGR.



The high standard of living enjoyed by citizens of New South Wales is thanks in part to previous reforms such as floating the dollar in 1983, the National Competition Policy reforms of the 1990s, introduction of the GST in 2000, and significant investments in infrastructure. These reforms have been credited with creating the conditions that supported increasing productivity growth, demonstrating that a focused effort by governments can produce significant benefits to households and businesses.

---

## We need to be bold and lead the rest of the country

Governments can improve productivity in a number of ways and business and economic leaders—including Commonwealth Productivity Commission Chairman Michael Brennan and Reserve Bank of Australia Governor Phillip Lowe—have urged governments at all levels to focus on improving productivity.

State governments have an important role to play in supporting productivity by creating the conditions that help businesses invest, compete and innovate. They also provide services to educate the current and future workforce with the skills needed in a modern economy, and the infrastructure which links business to markets and makes our cities and towns liveable.

Momentum for action is growing, and these challenges are not unique to New South Wales or Australia. We want to lead by example by developing a productivity reform agenda. This will require understanding and support for what needs to change and why, not just from policy makers but the community as well. It will be a journey to reach this point, and to help get there we need to discuss current challenges and their potential solutions.

That's why we are kickstarting a conversation about the choices we make now to set us up for longer-term gain and the future we want. A future where we all work smarter, not harder, and nobody is left behind.

This Discussion Paper canvasses the case for productivity reform and issues for feedback. It is based on consultation and the Commission's research. It is intended to frame public discussion and does not represent the position of the NSW Government.

---

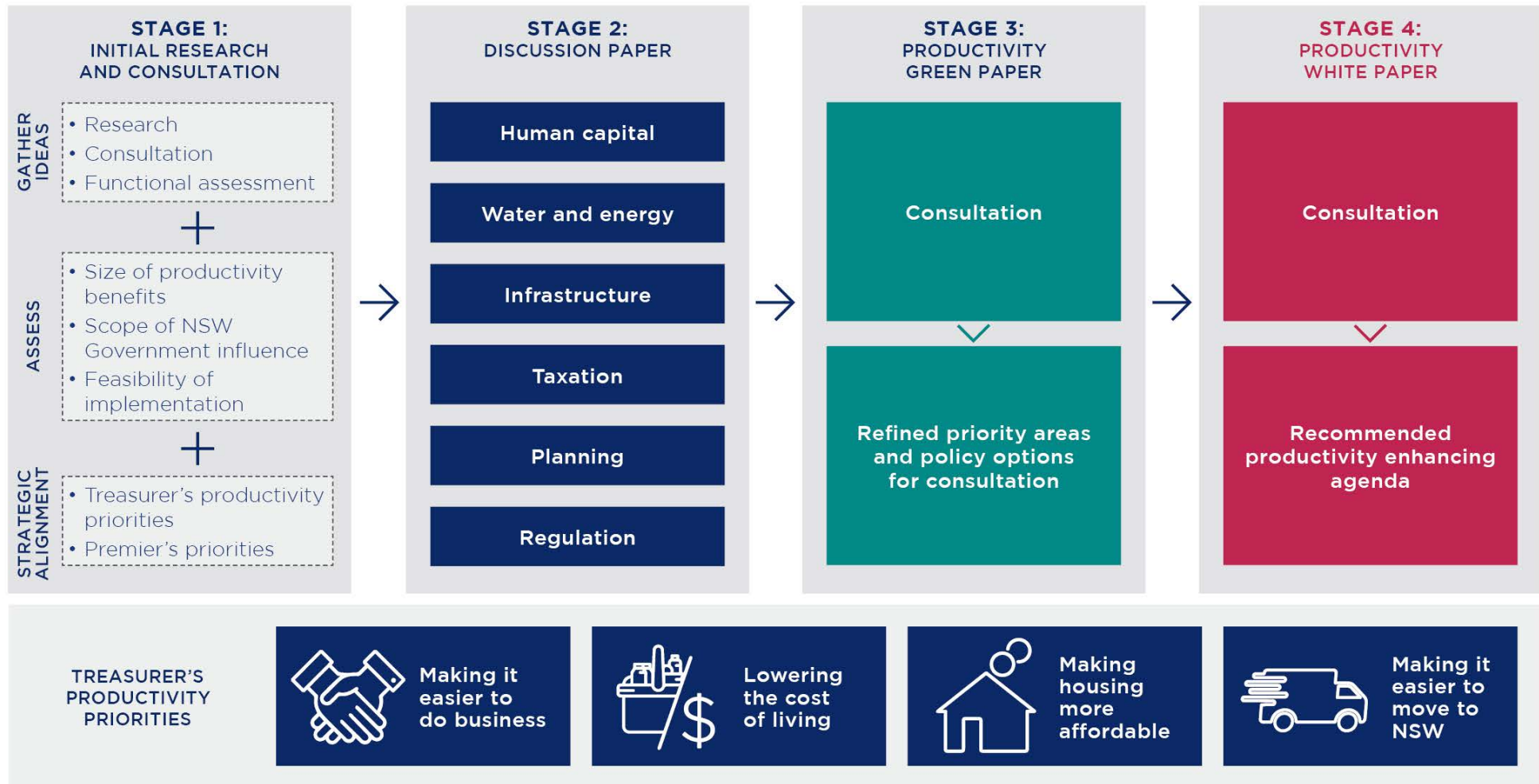
## Everyone should have a say in shaping our shared future

There are many ways to improve productivity, but meaningful change is hard and not everything can be done at once, so a strategic agenda is required to focus and galvanise effort.

The Productivity Commission has identified six draft productivity priorities (see Figure ES.2). These were settled on following careful analysis of: policy levers with potentially large productivity gains, the NSW Government's scope to influence outcomes, and how each priority supports the Commission's initial focus areas. These priorities are not exhaustive or representative of NSW Government policy.

There are many other potential areas of reform, and the Commission is seeking feedback on whether the right priorities have been identified and what policy options to consider. This feedback will inform the development of a Productivity Green Paper, outlining policy options for feedback. These options will then be refined into recommendations for the NSW Government contained in a Productivity White Paper. Everyone should have a say in shaping our shared future and how we get there.

FIGURE ES.2: IMPACT OF PRODUCTIVITY IMPROVEMENTS



# Building human capital for a modern and evolving economy

Technological innovations, demographic changes, and shifting preferences increasingly require people to upskill and reskill throughout their working lives. Rapid technological progress offers promising economic opportunities but depend on a suitably skilled workforce. If the productive capacity of our workforce is to continue growing, educational and training systems will need to adapt. Not doing so risks leaving behind parts of the community.

ISSUES	DISCUSSION QUESTIONS
<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="121 674 1005 824"> <h2>Lifting school performance and education outcomes</h2> </div> <div data-bbox="1005 674 1520 824">  </div> </div>	
<ul style="list-style-type: none"> <li>The most recent PISA results (an OECD school performance benchmark) show declining reading, mathematics and science performance in NSW schools.</li> </ul>	<ul style="list-style-type: none"> <li>How can the NSW Government improve student outcomes and the performance of NSW schools?</li> <li>What are the core competencies that a modern school system should provide, given the increasing digitalisation of the economy?</li> </ul>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="121 1055 1005 1205"> <h2>Improving Vocational Education and Training</h2> </div> <div data-bbox="1005 1055 1520 1205">  </div> </div>	
<ul style="list-style-type: none"> <li>The VET sector’s ability to provide effective training programs for the current and future economy is being hampered by excessive complexity and a lack of flexibility.</li> </ul>	<ul style="list-style-type: none"> <li>Do the issues and challenges identified in this section reflect the challenges facing the VET sector in delivering skills for a modern economy? What can be done to address these challenges?</li> <li>How could governments raise the profile of VET, and shift cultural attitudes towards the sector?</li> </ul>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="121 1471 1005 1621"> <h2>Ensuring labour market regulation works towards building human capital</h2> </div> <div data-bbox="1005 1471 1520 1621">  </div> </div>	
<ul style="list-style-type: none"> <li>Labour market regulation can protect consumers and minimise risk. Requirements that are overly stringent can, however, reduce market competition and consumer choice.</li> </ul>	<ul style="list-style-type: none"> <li>How can labour markets facilitate the need for future workers to continually undergo retraining or upskilling in response to technological advancements and innovation?</li> </ul>
<ul style="list-style-type: none"> <li>Occupational licensing requirements may represent unnecessary barriers to entry for potential market entrants.</li> </ul>	<ul style="list-style-type: none"> <li>How should occupational licensing regimes deliver their objectives without imposing unnecessary regulatory burden?</li> </ul>
<ul style="list-style-type: none"> <li>Continuing Professional Development (CPD) requirements for some licensed professionals may represent an excessive administrative burden.</li> </ul>	<ul style="list-style-type: none"> <li>What do best-practice CPD arrangements look like?</li> </ul>
<ul style="list-style-type: none"> <li>Mutual recognition schemes can improve labour mobility across state and territories.</li> </ul>	<ul style="list-style-type: none"> <li>How could mutual recognition arrangements be improved to better facilitate interjurisdictional labour flow?</li> </ul>

## Better matching healthcare work with skills and qualifications



- Health professionals may not be working at the top of their scope of practice due to regulatory and cultural barriers.
- What regulatory and cultural barriers could be preventing health professionals from optimal performance?

## Reliable, sustainable and productive use of our water and energy

Water and energy are essential to all sectors of the economy, underpinning business operations and household living standards. Population growth and climate variability, however, pose challenges to the reliable, sustainable, and productive use of these resources. The right governance and regulatory frameworks will support appropriate future investment in these sectors. Productivity payoffs will come from using water and generating energy as efficiently and effectively as possible. This will put downward pressure on prices for consumers while managing the risks posed by population growth and increasing climate variability.

Productivity and sustainability objectives can be complementary where we can produce the same output with fewer inputs of natural resources. This increases measured productivity while also helping to ensure that the current generation's consumption does not compromise that of future generations.

### ISSUES

### DISCUSSION QUESTIONS

#### Improving governance in the rural and urban water sectors



- Governance of the rural and urban water sectors is complex. Functions are spread across government departments, independent regulators, and state-owned corporations.
- This can create overlap and gaps in roles and responsibilities, and coordination problems.
- How could New South Wales improve governance and institutional arrangements for water management?
- How could the State improve water planning, and what are some possible ways to:
  - clarify the roles and responsibilities of State Owned Corporations (SOCs), government, and regulators in water planning?
  - increase integrated water cycle management approaches where they are cost-effective?

WATER

WATER

Improving service delivery  
in regional areas



- Bills for water and sewerage services in regional NSW are higher on average, than in metropolitan NSW and regional Victoria.
- These outcomes are linked to the challenges faced by largely council-run local water utilities.

- How could the efficiency of local water utilities be improved to increase water security and quality, and lower bills for regional communities?

Expanding the role of water recycling  
and greater efficiency



- Water recycling and greater water-use efficiency can play a significant role in achieving sustainable growth, alongside traditional measures to increase supply.
- Metropolitan New South Wales uses more water per person than metropolitan areas of Queensland and Victoria, benchmarking data indicates.

- What are the barriers to New South Wales achieving larger scale and cost-effective water recycling?
- How can the NSW Government encourage households and businesses to be more water efficient, particularly in metropolitan New South Wales?

Improving asset utilisation and  
demand management



- Electricity prices have risen over the past decade due to a combination of significant network investment, rising demand, commodity prices, and the closure of coal generators.
- State-based policies are putting downward pressure on electricity prices but there is scope for further initiatives to improve efficiency.

- Are there further steps we can take to achieve greater efficiency in network businesses and environmental programs in the New South Wales?
- How could electricity demand management be further improved in New South Wales?

Lowering prices through  
investment certainty



- Policy uncertainty about greenhouse gas reduction is limiting investment across the National Electricity Market and putting upward pressure on prices.

- How can New South Wales work to reduce uncertainty in electricity generation and emission reduction requirements to improve the investment outlook?

ENERGY

### Efficiently determining electricity reliability standards



- Reliability is important, but it is critical to avoid ad hoc policymaking and inefficient expenditure.
- Cost-effective solutions and consumer willingness to pay for reliability provide guidance for evaluation.

- What is the best framework for future evaluations of generation and network reliability?
- What additional measures, if any, can we take to cost-effectively improve reliability?

### Ensuring secure and reliable supplies of gas



- New South Wales has significant reserves of gas but a relatively low share of production in Australia.
- Gas-fired electricity generation will likely be needed to supplement intermittent energy sources, particularly to meet demand in critical peak periods.

- What initiatives could we consider to remove barriers to gas exploration and production?

### Streamlining energy regulatory arrangements



- New South Wales regulatory activities are currently dispersed across a number of agencies.

- How could we improve the New South Wales energy regulatory framework?

# Smart ways to get more from our infrastructure

The NSW Government has committed \$93 billion to infrastructure investment over the next four years. Further investments will be limited by medium- to long-term fiscal constraints. As our population and demand for services grows, maximising value from investments and existing assets will be critical to the liveability and productivity of our cities and regions.

ISSUES	DISCUSSION QUESTIONS
<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="156 607 641 640">Maximising value from investments</div> <div data-bbox="1018 580 1485 678"> </div> </div>	
<ul style="list-style-type: none"> <li>Continued improvements to project selection and sequencing are critical to maximise the productivity benefits of infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>How can we further strengthen the governance and transparency of infrastructure investment?</li> <li>What types of targeted service improvements and demand management solutions could be considered to maximise value from our infrastructure?</li> </ul>
<ul style="list-style-type: none"> <li>Coordination challenges mean infrastructure delivery may not keep up with growing communities. Well-coordinated investments can deliver benefits that exceed the sum of their parts.</li> </ul>	<ul style="list-style-type: none"> <li>How can we improve strategic land use planning and coordination with major infrastructure delivery?</li> </ul>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="156 1193 692 1227">Getting the most out of existing assets</div> <div data-bbox="1018 1162 1485 1261"> </div> </div>	
<ul style="list-style-type: none"> <li>Congestion costs in Sydney were estimated by The Bureau of Infrastructure, Transport and Regional Economics (2015) at \$6.1 billion, rising to \$12.6 billion by 2030. Building new roads alone will not solve congestion. Better use of roads and managing peak demand can also reduce congestion costs.</li> </ul>	<ul style="list-style-type: none"> <li>What further options should the NSW Government consider to alleviate congestion?</li> </ul>
<ul style="list-style-type: none"> <li>Service crowding on the rail network in peak times can reduce reliability and crowding is projected to increase over time. This drives the need for more costly investment.</li> </ul>	<ul style="list-style-type: none"> <li>What measures could we explore to reduce pressure on rail infrastructure during peak periods?</li> </ul>
<ul style="list-style-type: none"> <li>Smart infrastructure offers opportunities to leverage data to improve efficiency, ensuring best use of existing assets.</li> </ul>	<ul style="list-style-type: none"> <li>How could agencies use data and 'smart' infrastructure to improve asset management?</li> </ul>



## Exploring innovative service delivery models



- Infrastructure benefits are directly linked to service delivery. There are a range of innovative, customer-focused service delivery models already in place in New South Wales in areas such as public transport, health and social housing.
- How can existing innovative service delivery models be further leveraged to improve productivity and customer outcomes?
- What other innovative service delivery models should the NSW Government consider to improve productivity and customer outcomes?

## Modernising our tax system to help our economy grow

State taxation is necessary to fund services and infrastructure for the people of New South Wales. But because taxes distort prices, they can impose economic costs by changing decision making. Some taxes create higher costs than others.

The State could make significant productivity gains if it moved from inefficient taxes toward efficient, fit-for-purpose revenue sources. Many taxes that the NSW Government relies on for revenue, such as duties on property transfers, motor vehicles and insurance, are particularly inefficient.

The NSW Government needs to consider expectations on local government and how reform could improve efficiency. Community satisfaction could be enhanced by more transparent performance reporting for councils and greater autonomy on how they fund local services.

### ISSUES

### DISCUSSION QUESTIONS

#### Reducing inefficiency in property taxes



- Transfer duty is an inefficient tax due to its impact on labour mobility and use of the State's housing and commercial building stock. This is complicated by state governments relying on transfer duty for a significant portion of their revenue to fund essential services.
- What steps could the NSW Government take to reduce its reliance on transfer duty?

#### Improving insurance duties



- Insurance taxes encourage under-insurance and un-insurance, increasing the risks to those affected.
- How can insurance taxation arrangements be improved?



## Improving motor vehicle taxes



- Motor vehicle taxes (duty and registration fees) do not reflect the total costs of road use (i.e. costs of congestion, wear and tear on roads).
- New technology could provide opportunities to more accurately and inexpensively measure road use.
- How could motor vehicle taxation arrangements be improved?

## Simplifying payroll tax arrangements



- Payroll tax can be an efficient tax but differences between states and territories and the application of thresholds reduce its efficiency.
- How can payroll tax arrangements be further improved and simplified?

## Modernising gambling taxes



- The gambling market continues to evolve, with the introduction of new gambling products, channels and business models.
- How can gambling taxation and licensing continue to effectively adapt to changes in the industry?




## Enabling councils to deliver better services



- The role of local government is changing, with widening community expectations for service provision.
- Council rates are among the State's most efficient revenue sources but the rate pegging system restricts the ability of councils to respond to community expectations.
- There is scope for more transparent monitoring of council productivity and to make this information available to the residents they serve.
- Should performance monitoring and benchmarking be adopted for local governments in New South Wales?
- Would regular community satisfaction surveys help make councils more responsive to their residents?
- How could councils improve their funding arrangements to provide greater flexibility in meeting their residents' service needs?

# Planning for the housing we want and the jobs we need

Planning influences investment and productivity because it regulates what we can build and where we can build it. An effective planning system must address market failures without creating unnecessary red tape. A planning system that is responsive to the evolving needs and preferences of a growing population and business community is a key enabler of productivity growth.

ISSUES	DISCUSSION QUESTIONS
<p data-bbox="156 651 512 714">Unlocking the potential of our employment zones</p>  <ul data-bbox="132 790 804 999" style="list-style-type: none"> <li>• Continued population growth means housing affordability will remain an ongoing challenge.</li> <li>• Some employment zones can be overly prescriptive about the type of businesses that can locate in certain areas. This limits employment opportunities and consumer choice.</li> </ul>	<ul data-bbox="831 790 1477 1032" style="list-style-type: none"> <li>• How could the New South Wales zoning system be simplified and improved to support greater business innovation and competition?</li> <li>• What other planning policy options should the NSW Government consider to ensure the planning system support job creation and respond to consumer preferences?</li> </ul>
<p data-bbox="156 1111 568 1173">Building dwellings that better match our preferences</p>  <ul data-bbox="132 1256 777 1350" style="list-style-type: none"> <li>• Minimum apartment sizes and parking requirements may provide certainty but can increase the cost of housing and limit consumer choice.</li> </ul>	<ul data-bbox="831 1245 1506 1453" style="list-style-type: none"> <li>• What steps could the NSW Government take to improve residential development regulations to support an adequate supply of affordable housing?</li> <li>• How could the NSW Government ensure regulations around zoning, building codes and design guidelines are flexible and aligned with demand and preferences?</li> </ul>
<p data-bbox="156 1532 767 1594">Providing greater housing choice to balance labour mobility with tenure security</p>  <ul data-bbox="132 1675 766 1917" style="list-style-type: none"> <li>• Australia has a high level of tenant mobility. In part, this reflects poor tenure security, evidenced by a high number of involuntary tenancy terminations. Evidence suggests that security of tenure can improve socioeconomic outcomes.</li> <li>• The Build to Sell development model can be excessively cyclical.</li> </ul>	<ul data-bbox="831 1675 1506 1917" style="list-style-type: none"> <li>• Should the NSW Government level the playing field in the housing sector by supporting a more stable source of housing supply? If so, how?</li> <li>• What is the most efficient mix of planning, regulatory and tax settings to deliver outcomes that get the balance right between tenure security and housing mobility?</li> </ul>

### Making the most of our public spaces and green space



- A growing population and a trend toward apartment living means a greater need for best use of public and green space.
- Are there other innovative ways of providing new public space, particularly on underutilised land?
- What opportunities are there to improve the use of transport corridors in high density areas?

### Moving toward more efficient and equitable developer contributions



- Infrastructure contributions paid by developers to state and local governments are not applied on a consistent basis.
- Contributions liabilities are often unclear, which can adversely affect decisions by property owners and developers.
- What principles could be applied to the developer contributions system to ensure transparent, consistent and efficient outcomes?
- How might developer contributions be improved to support growth in new areas and service growing community needs?

### Minimising red tape and complexity



- Planning approval delays can be costly.
- What could the NSW Government do to improve efficiency in planning system administration and ensure economic and community benefits?

## Forward-looking regulation that supports competition and innovation

Regulation is a necessary tool to ensure markets work effectively while maintaining appropriate protections for consumers and the community. Effective regulation is key to addressing some of the reform priorities identified in this Discussion Paper and maintaining economic conditions supportive of innovation, competition and economic growth. Conversely, poorly designed regulation can create an excessive administrative burden, stifle investment, and delay businesses becoming operational. The NSW Government is implementing a new regulatory policy framework, with regulatory stewardship as a cornerstone, to support regulation that is responsive and adaptable.

#### ISSUES

#### DISCUSSION QUESTIONS

### Forward-looking regulation that supports competition and innovation



- New technologies and products create challenges to the prescriptive approach to regulation. This can lead to regulation that impedes opportunities for new investments.
- What new tools can be harnessed to enable an adaptive, iterative and outcomes-based approach? Is there scope for greater uptake of these tools in New South Wales?