

Draft

**LGNSW Submission to the NSW Productivity
Commission Discussion Paper –
Kick Starting the Productivity Conversation**

December 2019

Table of contents

Introduction	3
General	4
Skills	5
Water	6
Energy	11
Infrastructure	12
Taxation/Rates	14
Planning	18
Regulation	23
Waste & Recycling	23

Introduction

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

LGNSW welcomes the opportunity to provide comment on the Productivity Discussion Paper. We commend the NSW Government on this important initiative and look forward to making contributions to the Productivity Commission throughout the review process. LGNSW recognises that productivity growth is vital to the future prosperity of our communities and local government has a significant role to play in delivering improved productivity. We are also mindful that councils and their communities do not accept that we should strive for increased productivity at all costs. It is important that increased productivity is accompanied by improved quality of life, social equity and environmental outcomes.

LGNSW acknowledges the six draft productivity priorities identified by the Productivity Commission and notes they will be refined into a recommended reform agenda following this consultation:

- Building human capital for a modern and evolving economy
- Reliable, sustainable, and productive use of our water and energy
- Smart ways to better utilise our infrastructure
- Modernising our tax system to help the economy grow
- Planning for the housing we want and the jobs we need
- Forward looking regulation to support competition and innovation.

We have provided comments pertinent to local government in relation to each of the identified priorities. LGNSW also argued for broadening the scope of some of the priorities and inclusion of additional priorities. For ease of presentation and navigation we have presented our comments in a table format.

LGNSW looks forward to providing more comment during the green and white paper processes. We would also be pleased to participate in any related round tables and to provide in depth briefings to the Productivity Commission on any of the issues raised during the inquiry.

For further information, please contact [REDACTED]
[REDACTED].

This is a draft submission awaiting review by the LGNSW Board. Any revisions made by the Board will be forwarded.

LGNSW Response to NSW Productivity Commission Discussion Paper

Issue	Discussion Questions	LGNSW Comment/Response
GENERAL		
	<ul style="list-style-type: none"> • <i>Do you agree with the six focus areas identified—outlined in Chapter 3 and subsequent chapters—for a productivity agenda? (see above)</i> • <i>Do you agree with the issues and challenges identified for each focus area? What other issues</i> 	<p>LGNSW agrees the six focus areas are relevant to improving the productivity of the NSW economy. However, they do not cover the whole picture and other aspects and perspectives should also be considered.</p> <p>For example, while smarter ways to use our infrastructure and maximising value from infrastructure investments are worthy objectives and should be pursued as a matter of course they will only deliver benefits at the margin. The core issue is the timely delivery of the infrastructure structure required to support growth and maximise productivity. It must be available when it is needed. There is a need to continue to increase investment in infrastructure as well as improve efficiency.</p> <p>LGNSW recognises the high level of infrastructure investment currently being undertaken in NSW and commend the NSW Government on this. However, to a large extent, NSW is still playing catch up on decades of underinvestment and it is questionable whether we are keeping pace with the demands generated by continuing high population growth rates, particularly in the Greater Sydney area.</p> <p>This infrastructure lag is continuing to impose congestion and other costs on the NSW economy detracting from state productivity.</p> <p>LGNSW also considers that population and settlement policy is a critical consideration in pursuing increased productivity. This relates to all spheres of government. The rate of</p>

	<p><i>should we consider?</i></p> <p>• <i>What reform options should we consider (see areas for specific feedback identified throughout the Paper)?</i></p>	<p>population growth and its dispersal have largely been treated as a given that must be accommodated rather than something that can be influenced by planning and policy.</p> <p>While it seems that no one can agree on an optimal size for a city like Sydney, it is important to weigh up both the agglomeration economies and diseconomies. If the net result is negative, plans and strategies must be changed. This should be explored by the Productivity Commission.</p> <p>A related question is whether our failure to significantly decentralise means that we are missing opportunities for productivity gains from regional centres that have land supply and are more cost effective to service.</p> <p>Waste management is an essential service like water and electricity and should also be included as a review priority. Avoiding the generation of waste, recovering resources and appropriately managing residual waste are fundamental to improving NSW's productivity and sustainability.</p> <p>Climate change and its many manifestations are essential considerations in a conversation on productivity. Drought is having a severe impact on NSW productivity and the likelihood of more frequent and severe droughts in future needs to be factored into economic plans. So too, the likelihood of the increased frequency and intensity of severe storms and other natural disasters.</p>
<p>SKILLS</p>		
<p>• The VET sector's ability to provide effective training programs for the current and future economy is being hampered by excessive</p>	<p>• <i>Do the issues and challenges identified in this section reflect the challenges facing the VET</i></p>	<p>The Discussion Paper does capture the key issues and challenges facing the VET sector at a high level. These essentially relate to system design, marketing, funding, administration and integration with higher education.</p> <p>LGNSW agrees with the statement that "a key issue is the lack of a cohesive and dynamic relationship between the VET and industry sectors". Current experience with the review of the Local Government Training Package has revealed significant flaws in the system established by the Australian Industry Skills Committee to manage training packages, in particular:</p>

<p>complexity and a lack of flexibility.</p>	<p><i>sector in delivering skills for a modern economy? What can be done to address these challenges?</i></p> <p><i>• How could governments raise the profile of VET, and shift cultural attitudes towards the sector?</i></p>	<ul style="list-style-type: none"> • The selection of Industry Reference Committee members – IRC members (until very recently) have not had the capacity or interest to engage with the sector more broadly during the review process. • Management of the review process by SkillsIQ (SSO) – the review has not been well communicated or administered, resulting in poor engagement from councils. <p>Some of the ways in which the challenges facing the VET sector could be addressed include governments working with (and funding) industry peak bodies to:</p> <ul style="list-style-type: none"> • Undertake annual research with the sector to determine skills shortages, skills gaps and future training needs for the purposes of allocating VET funds to the sector. • Identify and communicate competency pathways to occupations. • Broker training funds allocated to the sector.
<p>WATER</p>		
<p>Governance of the rural and urban water sectors is complex. Functions are spread across government departments, independent regulators, and</p>	<p><i>How could New South Wales improve governance and institutional arrangements</i></p>	<p>The Department of Planning, Industry and Environment, Water (DPIE Water) is developing a State Water Strategy and has begun engaging with stakeholders to identify issues. A state water strategy, developed <i>with</i> key stakeholders, is a welcome initiative that we hope will drive action to overcome a number of barriers, especially prescriptive and conflicting regulatory requirements and unclear roles and responsibilities for water management in NSW.</p> <p>The requirement for Ministerial approval of water and sewerage works under Section 60 of the Local Government Act, and the prescriptive regulation of Integrated Water Cycle Management (IWCM) planning, need review to be more outcomes focussed, in line with the <i>NSW Better Regulation</i> principles. This is also a recommendation of IPART in its <i>Review of reporting and</i></p>

<p>state-owned corporations.</p> <ul style="list-style-type: none"> • This can create overlap and gaps in roles and responsibilities, and coordination problems. 	<p><i>for water management?</i></p> <ul style="list-style-type: none"> • <i>How could the State improve water planning, and what are some possible ways to:</i> <p><i>i. clarify the roles and responsibilities of State Owned Corporations (SOCs), government, and regulators in water planning?</i></p> <p><i>ii. increase integrated water cycle management approaches where they are cost-effective?</i></p>	<p><i>compliance burdens on Local Government (2016), specifically recommendations 11 and 12 relating to water and sewerage regulation.</i></p> <p>There is limited engagement with the Environmental Protection Authority (EPA) in local water utility strategic planning and IWCM plans. There needs to be clarity of environmental management goals for water utilities in NSW to avoid conflict in project planning and prioritisation.</p> <p>All options should be on the table for alternative supplies such as recycled water, stormwater harvesting or desalination with policy bans on options to be avoided. The best value solutions should be prioritised on a triple bottom line basis, after robust community engagement.</p>
---	---	---

<p>Bills for water and sewerage services in regional NSW are higher on average, than in metropolitan NSW and regional Victoria.</p> <ul style="list-style-type: none"> • These outcomes are linked to the challenges faced by largely council-run local water utilities. 	<ul style="list-style-type: none"> • <i>How could the efficiency of local water utilities be improved to increase water security and quality, and lower bills for regional communities?</i> 	<p>These issues have been considered to varying degrees by previous reviews of water management at both the national and state levels.</p> <p>From a local government perspective, previous national reports on urban water reform¹ are of limited relevance and should be read with some caution. Their findings and recommendations are primarily informed by the National Urban Water Performance reports (particularly in their assessment of Local Water Utility (LWU) performance and in their recommendations relating to regional aggregation). These Water Performance reports focus on metropolitan supply and they exclude data from LWUs with fewer than 10,000 connections, which is nearly two thirds of NSW LWUs. They also fail to recognise the strategic and operational challenges that geography and hydrology poses for LWUs in NSW and Queensland, which are very different to that in Victoria and Tasmania.</p> <p>In addition, these national reviews have been singularly focused on the efficiency and effectiveness of urban water services. They have not considered the broader costs and benefits associated with local government ownership of LWUs, which would be substantial in terms of the financial sustainability of many rural and regional councils, as well as the impact on local economies and local employment.</p> <p>Rather the key to improving efficiency and effectiveness in the urban water industry is through reform of the regulatory framework and oversight structure under which LWUs operate in NSW.</p> <p>It is widely accepted that the framework is too complex and prescriptive². It is also largely process driven, meaning there is little incentive or support to be innovative and to pursue opportunities in technology.</p> <p>The 2008 <i>Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW</i> (the “Armstrong-Gellatly Review”) set out a</p>
---	--	--

¹ Recent examples include *Reforming Urban Water – A National Pathway for Change*, Infrastructure Australia (2018); *National Water Reform*, Productivity Commission (2017).

² See for example IPART’s 2016 review of compliance burdens on local government

		<p>blueprint for reform based on extensive consultation and research. The Government referred the report to the NSW Independent Local Government Review Panel, the Local Government Acts Taskforce³ and IPART's Review of reporting and compliance burdens on Local Government. Unfortunately, however, these consultative and well-informed reform processes were subsumed by the NSW Government's "Fit for the Future" initiative, which primarily focussed on forced council mergers at the expense of most other reforms, including reform of water and sewer.</p> <p>Eleven years have passed since the Armstrong-Gellatly Review and LWUs continue to operate within the same flawed framework.</p> <p>If all NSW communities are to have equitable access to town water of suitable quality⁴, it must be acknowledged and accepted that, for some communities, delivering these services on a full cost recovery basis is not feasible (nor equitable). And in these instances, a transparent operating subsidy arrangement, or Community Service Obligation, is required, as recommended by the Productivity Commission⁵. While capital subsidy would be almost impossible to remove entirely, funding could also be directed to capability development of LWUs which includes professional development, certification of operator training and further development of water utility business management systems. The CSO could also be extended to address infrastructure backlogs for LWUs.</p> <p>There is a shortage of trainers in the water industry for water operators and professional development, which is exacerbating skills shortages in the water industry. Government assistance is required to develop trainers and training materials.</p> <p>The economies of scope that regional towns in NSW have in being responsible for the whole urban water cycle including water supply, sewerage and stormwater quality/quantity, integrated</p>
--	--	---

³ For further details see: <https://www.olg.nsw.gov.au/strengthening-local-government/local-government-reform/independent-review-of-local-government>; and <https://www.olg.nsw.gov.au/strengthening-local-government/local-government-reform/local-government-acts-taskforce/publications-resources>.

⁴ James McTavish, Regional Town Water Supply Coordinator, Presentation to 2019 LGNSW Water Management Conference, 3 September 2019

⁵ Productivity Commission, Inquiry into National Water Reform, 2018

		<p>with community engagement and strategic land use planning needs to be recognised. Removal of water and sewerage functions from councils would reduce the capacity to implement IWCM.</p> <p>The government could also fund a program to implement technology such as smart meters, 'Internet of Things', automation and control, energy management systems and innovative process technologies which will improve cost efficiency.</p>
<ul style="list-style-type: none"> • 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 indicate 	<p><i>What are the barriers to New South Wales achieving larger scale and cost-effective water recycling?</i></p> <p>• <i>How can the NSW Government encourage households and businesses to be more water efficient, particularly in metropolitan New South Wales?</i></p>	<p>While NSW Health issued robust guidelines for Drinking Water Management Systems in NSW, there is no parallel NSW guidance for management of recycled water which would inform approvals for recycled water projects, or stormwater harvesting as alternative water sources.</p> <p>Another major barrier has been public perception, reinforced by media coverage, resulting in a lack of political will.</p> <p>Non-asset solutions such as leakage detection and community water efficiency campaigns will defer augmentation of water assets.</p> <p>Implement a Smart Meter Installation program - households and businesses will be better informed, empowered and engaged in conserving water.</p> <p>Supply should be planned and managed on a portfolio approach, encompassing the range of accessible sources (e.g. groundwater, recycling, harvesting, desalination) rather than relying upon one source of water.</p>

ENERGY		
<p>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.</p> <p>• State-based policies are putting downward pressure on electricity prices but there is scope for further initiatives to improve efficiency</p>	<p>• <i>Are there further steps we can take to achieve greater efficiency in network businesses and environmental programs in the New South Wales?</i></p> <p>• <i>How could electricity demand management be further improved in New South Wales?</i></p>	<p>Local government is a major consumer of electricity and rising costs are having significant impacts on council budgets.</p> <p>Major areas of electricity consumption include street lighting, the operation of water and sewerage treatment plants, lighting and air conditioning of public buildings and the operation of public swimming pools.</p> <p>Council finances are highly constrained and rising electricity costs are cutting into council capacity to maintain infrastructure and services. For most of the past decade electricity increases have far outstripped council revenue growth. For example, electricity prices increased by around 20% in 2017 while the council rate peg was 1.5%.</p> <p>Councils are taking a leading role with energy efficiency measures to reduce costs and improve environmental performance. This includes:</p> <ul style="list-style-type: none"> • the widespread and large-scale installation of solar panels • adopting energy efficient building design for council buildings • pressuring electricity distributors to expedite the rollout of energy efficient street lighting • educating the community on energy efficiency. <p>Councils are making a difference with demand management and the use of renewables. This helps councils and also reduces pressure on the grid. However, councils will continue to rely on the grid and costs need to be contained.</p> <p>LGNSW supports the call for the implementation of a coherent and comprehensive energy policy.</p>

INFRASTRUCTURE		
<p>Continued improvements to project selection and sequencing are critical to maximise the productivity benefits of infrastructure.</p>	<p><i>How can we further strengthen the governance and transparency of infrastructure investment?</i></p> <ul style="list-style-type: none"> <i>• What types of targeted service improvements and demand management solutions could be considered to maximise value from our infrastructure?</i> 	<p>LGNSW is firmly of the view that correct sequencing the delivery is of critical importance. infrastructure should be delivered with the development that creates the demand for it, not years or even decades later, as has too often been the case. Any lag imposes costs on existing infrastructure and impedes new development from reaching its full productive potential.</p> <p>Development creates demand for a wide range of infrastructure including roads, public transport, schools, hospitals, drainage, libraries community facilities and open space.</p> <p>The Greater Sydney Planning Commission has recognised the problem and we are pleased with the direction it is taking in trying to coordinate the roll out of infrastructure with development.</p> <p>The establishment of entities like the Sydney Motorways Corporation by the NSW Government obscured the decision-making process and awarding of contracts to tenders for a number of the key road infrastructure projects in NSW. Where the public interest is involved, we believe decisions should be left to public agencies like Transport for NSW which are subject to freedom of information requests.</p> <p>Time of day tolling across the network is something that should be considered to manage traffic in peak periods in order to encourage trips that could be made at other times to spread demand for the road network more evenly across the day.</p> <p>We also need to get the balance between investment in road and road-related infrastructure better aligned with investment in the public transport modes. Similarly, better integration and alignment of investment across public transport modes also needs to be considered.</p>
<p>Congestion costs in Sydney were estimated by The Bureau of</p>	<p><i>What further options should the NSW Government</i></p>	<p>As mentioned above, time of day tolling across the key arterials across Sydney needs to be strongly considered. Similarly, congestion charges in the CBD should also be considered. Money raised from these tolls and charges should be redirected into developing more</p>

<p>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.</p>	<p><i>consider to alleviate congestion?</i></p>	<p>dedicated active transport options including cycleways and improved pedestrian access to public transport modes.</p> <p>Mandatory telematics in heavy vehicle should also be considered in order to deliver a better understanding of how freight is moved across the network so as to ensure funding is better targeted and therefore helps to create complete freight routes, particularly in first and last mile corridors.</p>
<p>• 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.</p>	<p><i>What measures could we explore to reduce pressure on rail infrastructure during peak periods?</i></p>	<p>Transport for NSW should be encouraged to continue its outreach to businesses to create offices that provide staff with flexible working hours and flexible working options, including the ability to work from home. Most peak hour congestion is caused by people entering and leaving the Sydney CBD and satellite cities like Parramatta for work-related purposes. Flexible working arrangements can reduce stress on the rail network during peak hours, while also encouraging employers to create more desirable working arrangements for their staff which can also have productivity benefits through improved job satisfaction.</p> <p>There is also a need to move away from the assumption that existing infrastructure can support increased population density without cost. For example, it is the practice to increase density along existing rail corridors and particularly around stations. Little regard is actually given to the capacity of the rail services on those lines or on the network as a whole. Sydney train commuters regularly face crowd crush with trains and stations operating overcapacity. This adds to congestion costs and damages productivity. There is a need assess the capacity of infrastructure, not just the existence of infrastructure, when planning for development.</p>

<ul style="list-style-type: none"> • Smart infrastructure offers opportunities to leverage data to improve efficiency, ensuring best use of existing assets. 	<p><i>How could agencies use data and 'smart' infrastructure to improve asset management?</i></p>	<p>Telematics can create smarter movement of fleets of vehicles. With the imminent arrival of 5G technology, the time to start equipping the fleets with telematics is on the immediate horizon. In particular, heavy vehicles are closely tied to the productivity of our economy and easy access to all parts of the network. In return for improved access and more targeted funding, the mandatory fitment of telematics to the heavy vehicle fleet will help to give network managers the visibility currently lacking, but needed, to deliver more optimised levels of service.</p>
TAXATION/RATES		
<p>The role of local government is changing, with widening community expectations for service provision.</p> <ul style="list-style-type: none"> • Council rates are among the State's most efficient revenue sources but the rate pegging system restricts the ability of councils to respond to 	<p><i>Should performance monitoring and benchmarking be adopted for local governments in New South Wales?</i></p> <ul style="list-style-type: none"> • <i>Would regular community satisfaction</i> 	<p>Rates & Finance</p> <p>Rates are a form of local property tax. The Productivity Commission has rightly identified rates as a highly efficient form of taxation. This is consistent with the findings of the Henry Review. Rate pegging interferes with the efficiency of rates⁶. Rates are also broadly recognised as an equitable form of taxation.</p> <p>LGNSW is pleased that the Commission has also recognised the expanding roles and responsibilities of local government and the financial challenges this presents.</p> <p>If NSW councils are to meet the growing needs and expectations of NSW communities, it is essential that they have access to adequate revenue. Several major reviews of NSW local government⁷ have confirmed that the current financial base of councils is inadequate to meet these needs.</p>

⁶ Henry Review of Australia's Future Tax System. (May 2010)

⁷ See for example. The Independent Inquiry into the Financial Sustainability of NSW Local Government (2006)

The NSW Treasury Corporation's assessment of the financial sustainability of NSW councils (2013)

The NSW Independent Local Government Review Panel (2013)

<p>community expectations.</p> <ul style="list-style-type: none"> • There is scope for more transparent monitoring of council productivity and to make this information available to the residents they serve. 	<p><i>surveys help make councils more responsive to their residents?</i></p> <ul style="list-style-type: none"> • <i>How could councils improve their funding arrangements to provide greater flexibility in meeting their residents' service needs?</i> 	<p>The reports concur that that existing revenue restrictions, severely impact council's ability to fund current and future levels of service. These restrictions include:</p> <ul style="list-style-type: none"> • over 40 years of rate pegging in NSW • regulation of many fees and charges • the decline in Commonwealth and State financial support for Local Government relative to economic growth (GDP, GSP) and the growth in national taxation revenues. Notably, Commonwealth Financial assistance Grants have declined from around 1% of Commonwealth taxation revenue in 1996 to 0.5% in 2019-20. • the problem has been exacerbated by on-going cost shifting onto local government, particularly by the NSW Government, estimated to be over \$7 billion over the past 10 years and \$820 million in 2015-16 alone. <p>The history of rate pegging demonstrates that rate increases often failed to meet real cost movements affecting local government let alone delivering a margin to help councils meet growing community demands. Rate growth in NSW has substantially lagged other states and territories over many years.</p> <p>It is recognised that rate pegging has contributed the large local infrastructure renewal backlogs carried by many NSW councils. Currently estimated to be \$3.5 billion in 2017-18.</p> <p>Rates are the primary source of council revenue representing 45% of council revenue on average. The other major sources of revenue are Grants 31% and fees and charges at 17%. Commonwealth Financial Assistance Grants are the major source of grant funding. The actual mix varies across councils.</p> <p>Rating is the only taxation tool available to councils while other spheres of government have access to a suite of taxation tools, broadening their taxation base.</p> <p>LGNSW maintains that rate pegging is unnecessary and should be discontinued. If there was any justification for rate pegging the introduction of Community Strategic Planning and the</p>
---	---	---

		<p>Integrated Planning and Reporting have made it redundant. These processes backed up by the ballot box ensure that councils rating decisions are/ would be acceptable to the community.</p> <p>This has been proven by the experience of other states and territories where the absence of rate pegging has not resulted in excessive rate increases.</p> <p>LGNSW acknowledge that councils can apply to IPART for increases above the peg, but this is an onerous process. Further, the peg has also resulted in the direct and indirect suppression of the rating effort. The existence of a general rate cap works to discourage councils from seeking to introduce higher rate increases (i.e. via special rate variations), even if it is evident that there is a need. The general cap shapes ratepayer expectations about what is a normal or acceptable rate increase and there are political risks in exceeding it.</p> <p>As an interim step towards the removal of rate pegging, LGNSW seeks the relaxation of rate pegging by allowing councils to levy rates up to 2% over the rate peg limit, without having to seek special rate variation, so councils can meet community needs with less red tape.</p> <p>Development Contributions</p> <p>The financial constraints faced by councils, highlight the importance of development contributions for funding local infrastructure. The current caps on development contributions of \$20,000 per in infill areas and \$30,000 have remained unchanged for nearly a decade and are becoming increasingly inadequate. It is likely that the caps are having a perverse impact of stifling development by reducing council capacity to deliver supporting infrastructure. Further, the development contributions are only able to be applied to the highly restricted range of infrastructure permitted under the essential works list. For example, contributions can be applied to the purchase of land for a library, but not the building of a library. Councils should have greater flexibility to enable them to fund and provide for the needs of their community without artificial constraint.</p> <p>Funding Emergency Services</p>
--	--	---

		<p>LGNSW advocates for the replacement of the current emergency services levy (ESL) on councils and insurance policies with a broad-based property levy. Councils are currently levied for 11.7% of the combined emergency services budget. This is recognised as being an inefficient tax and is largely a hidden tax, particularly the local government component which is from council general revenue. A property based levy would ensure that all property owners finance the services in an efficient and equitable manner; not only owners that are insured. The levy should be based on the rateable value of each property and, for reasons of administrative simplicity, collected by Revenue NSW.</p> <p>The proposed Fire and Emergency Services Levy (FESL) was a step in the right direction although it failed to replace the levy on councils. It was disappointing that NSW Government deferred the introduction of the FESL at the 11th hour, in May 2017. LGNSW recommends that the that the NSW Government reintroduce the FESL, this time including the replacement of the levy on councils. This would bring us into line with other mainland states.</p> <p>Transparent Monitoring of Council Performance</p> <p>LGNSW does not agree that there is much more scope for transparent monitoring of council productivity. NSW local government is already highly transparent and accountable. Much more so than any other sphere of government.</p> <p>Integrated Planning and Reporting (IPR)</p> <p>NSW councils are subject to an Integrated Planning and Reporting Process. This requires extensive community engagement in the development of a Community Strategic Plan (CSP) which is integrated with the State Plan and other State and regional plans. Sitting below this are councils/the communities other strategic plans these feed into a 4 year delivery program and 1 year operational plans (budgets). These are linked to a Resourcing Strategy that includes long term financial planning, asset management plans and workforce plans. Councils report on performance against the plans annually.</p>
--	--	--

		<p>Under this process the community is determining priorities and determining the revenue paths required to deliver the plans and strategies.</p> <p>OLG & Other Agencies</p> <p>Councils are already subject to intense scrutiny by the Office of Local Government and other State agencies to which councils have reporting responsibilities. These include financial reports, performance monitoring and benchmarking.</p> <p>Budgets, planning proposals, proposed policy changes and plans are required to be placed on public exhibition before being adopted allowing community comment.</p> <p>Councils are also subject to independent audit by the NSW Auditor General. Councils no longer appoint their own auditors. Councils are now also required to establish Audit, Risk and Improvement Committees with independent external members as part of a new audit and risk management framework.</p> <p>Councils Meetings are open and are televised (web cam).</p> <p>Councils commonly use community surveys as part of the community engagement strategies and to inform the IPR. Community satisfaction surveys are routine for most councils.</p>
PLANNING		
<ul style="list-style-type: none"> Continued population growth means housing affordability will remain an ongoing challenge. Some employment zones can be overly prescriptive about 	<p><i>How could the New South Wales zoning system be simplified and improved to support greater business</i></p>	<p>LGNSW continues to advocate for policy settings and funding to address the need for more affordable housing.</p> <p>At LGNSW's 2019 Conference members endorsed a motion calling on the state government to review its state policies on housing. Councils have raised concerns that the policies are not achieving the intent of the policies. For example, boarding houses developed under State Environmental Planning Policy (Affordable Rental Housing) 2009 are not providing affordable housing as there is no requirement that they be let at affordable rents or to those in housing need.</p>

<p>the type of businesses that can locate in certain areas. This limits employment opportunities and consumer choice.</p>	<p><i>innovation and competition?</i></p> <ul style="list-style-type: none"> • <i>What other planning policy options should the NSW Government consider to ensure the planning system support job creation and respond to consumer preferences?</i> 	<p><u>(See LGNSW Submission on State Environmental Planning Policy (Affordable Rental Housing) 2009).</u></p> <p>Some councils are also concerned that the increased use of residential accommodation for short-term rental accommodation is having a significant impact on the affordability and supply of private rental housing and this undermines the objectives of policies that seek to increase the supply of affordable housing.</p> <p>(See <u>LGNSW submission on Short Term Rental Accommodation Framework</u>).</p>
<ul style="list-style-type: none"> • Minimum apartment sizes and parking requirements may provide certainty but can increase the cost of housing and limit consumer choice. 	<p><i>What steps could the NSW Government take to improve residential development regulations to support an adequate supply of</i></p>	<p>LGNSW welcomes consideration of ways to improve residential development regulations to support an adequate supply of affordable housing.</p> <p>Any changes to minimum development standards such as apartment sizes and car parking must be appropriate in a local planning context and result in a demonstrable reduction in housing costs where the savings are passed on to end users (purchasers and private renters).</p>

	<p><i>affordable housing?</i></p> <ul style="list-style-type: none"> <i>• How could the NSW Government ensure regulations around zoning, building codes and design guidelines are flexible and aligned with demand and preferences?</i> 	
<ul style="list-style-type: none"> <i>• Australia has a high level of tenant mobility. In part, this reflects poor tenure security, evidenced by a high number of involuntary tenancy terminations.</i> <p>Evidence suggests that security of tenure can improve</p>	<ul style="list-style-type: none"> <i>• Should the NSW Government level the playing field in the housing sector by supporting a more stable source of housing supply? If so, how?</i> 	<p>There are many factors affecting housing affordability and tenure security. While planning regulation to increase in the supply and diversity of housing through the planning system is important, this must be supported with regulatory reforms and changes to tax settings such as land tax thresholds that create incentives to provide long-term leases for private renters.</p> <p>With a growing proportion of the population renting rather purchasing their own home and the likelihood that the security of home ownership will not be accessible for many, there is an emerging need to develop new rental models. The prevailing model of one year leases is highly disruptive and does not provide tenants with the security to put down roots in the community.</p> <p>Long term tenure models used in Europe should to be examined for their potential application in Australia.</p>

<p>socioeconomic outcomes.</p> <ul style="list-style-type: none"> • The Build to Sell development model can be excessively cyclical. 	<ul style="list-style-type: none"> • <i>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?</i> 	<p>The Build to Rent model has merit and should be explored as part of the potential solution.</p>
<p>Planning approval delays can be costly</p>	<ul style="list-style-type: none"> • <i>What could the NSW Government do to improve efficiency in planning system administration and ensure economic and community benefits?</i> 	<p>There have been numerous reviews and reforms of the planning system which seek to address delays to planning approvals.</p> <p>The introduction of exempt and complying development provisions in NSW has streamlined approval processes for a range of development such as alterations and additions and new dwelling houses. The rapid adoption of e-planning tools and processes is also expediting planning approvals.</p> <p>However, efficiencies in planning approvals must not come at the expense of a transparent approval process with appropriate checks and balances that deliver outcomes in line with the strategic plans that have been developed with community input.</p> <p>Planning approval processes and other regulatory and policy settings (such as building regulation and certification) that do not deliver good planning outcomes or safe and compliant buildings and undermine community confidence in the planning system and also impact on productivity.</p>

		<p>It's important to be note that in many instances, where zoning restricts certain business types this can be for good reason. The Department of Planning, Infrastructure and Environment has flagged changes to the Exempt and Complying Development Codes SEPP which would permit home-based food businesses to sell food without council consent. While all food businesses are required to register with councils under the Food Act 2003 (for inspection purposes and to help prevent the spread of food-borne illnesses), in practice many home-based food businesses do not register and it is very difficult for councils to identify these businesses. Similar restrictions apply to home-based beauty businesses that engage in skin penetration procedures that are regulated under the Public Health Act 2010 and required to be inspected by councils. It is important that any proposed amendments to zoning carefully consider what the outcomes may be in terms of public health and amenity.</p> <p>See:</p> <p><u>LGNSW Submission on Review of planning framework for Western Harbour Precinct</u></p> <p><u>Draft LGNSW Submission on review of Independent Planning Commission Nov 2019.pdf</u></p> <p><u>LGNSW Submission on Building Stronger Foundations Discussion Paper</u></p> <p><u>LGNSW Submission to the Public Accountability Committee on the Design and Building Practitioners Bill 2019</u></p> <p><u>LGNSW Submission on Building and Development Certifiers Regulation 2019</u></p>
--	--	---

REGULATION		
<p>New technologies and products create challenges to the prescriptive approach to regulation. This can lead to regulation that impedes opportunities for new investments.</p>	<p><i>What new tools can be harnessed to enable an adaptive, iterative and outcomes - based approach?</i></p> <p><i>Is there scope for greater uptake of these tools in New South Wales?</i></p>	<p>Easy to do Business (EtdB) initiative helps councils to support the economic development of their communities through streamlining application and approval processes. It's important that all regulators are represented in the design of this initiative, which is why local government must continue to have its perspective put forward on the EtdB steering committee.</p> <p>Businesses would welcome greater digitisation of council transactions, bookings and payments. As an example, NSW Food Authority piloted a digital food inspection platform. Councils and LGNSW strongly support the NSW Food Authority's proposal for an online food safety inspection platform and database, which will result in significant time savings for council staff and reduce administrative workload. Also, consistency between councils, which will help small businesses with operations that cross council borders. The NSW Food Authority in 2018 completed a successful scoping study with LGNSW involvement on the steering committee and workshops with 20 councils across NSW. Councils determine their fees each year (including food premises regulation fees) in accordance with s610D of the LG Act, and must take into consideration the cost of providing the service. The NSW Food Authority scoping study found per inspection savings of up to 1.5 hours, improved invoicing and debtor processes, improved business registration processes and reduction in administrative burden. Potential for substantially reduced fees for regulated businesses if introduced. Councils very eager for this initiative to progress to reduce regulatory burden.</p>
WASTE & RECYCLING		
<p>The Discussion paper does not mention this issue.</p>		<p>Waste has not been included in the Productivity Commission's priority areas despite it being an essential service just like water and energy. In particular, the delivery of waste infrastructure and waste planning have not been considered.</p> <p>Avoiding the generation of waste, recovering resources and appropriately managing residual waste are fundamental to improving NSW's productivity and sustainability. Our report 'At the Crossroads – the state of waste and recycling in NSW' outlines how NSW is failing when it comes to waste. The quantity of waste being generated is increasing, our waste infrastructure</p>

		<p>is barely keeping up with demand, and recycling and waste diversion rates are stagnating. COAG has also committed to waste export bans, adding pressure to manage our own recycling in Australia –</p> <p>Local Government NSW is advocating for the waste levy that is currently collected by the NSW Government to be reinvested to:</p> <ol style="list-style-type: none"> 1. Fund regions of councils to develop regional waste plans for the future of waste and resource recovery in their regions, which include infrastructure and circular economy solutions to address the needs of our cities and regions. 2. Fund the delivery of priority infrastructure and other projects, procured by local government, that are needed to deliver the regional-scale plans, particularly where there is market failure identified in the regional plans. 3. Increase local and state government procurement of recycled goods made with domestic content, for example by: <ol style="list-style-type: none"> a. adopting recycled content targets to help drive demand and provide incentives to deliver on these targets b. funding further research, development and delivery of recycling technologies and products generated from recyclables, particularly by local or regional councils. 4. Fund and deliver state-wide education campaigns on the importance of recycling to encourage the right way to recycle, the purchase of products with recycled content, as well as promote waste avoidance 5. Work with the Federal Government to introduce producer responsibility schemes for soft plastics and other emerging problem wastes.
--	--	--