



4 December 2019

The Office of the NSW Productivity Commissioner

Email: ProductivityFeedback@treasury.nsw.gov.au

Dear Sir or Madam

Re: Submission on NSW Productivity Discussion Paper

SSROC thanks you for the opportunity to make a submission on the *Kickstarting the productivity conversation* Discussion Paper (the Paper).

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of eleven local councils in the area south of Sydney Harbour, covering central, inner west, eastern and southern Sydney. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member councils cover a population of about 1.7 million, one third of the population of Sydney.

SSROC welcomes the opportunity to provide comment on the Paper to help identify the right priorities and begin to define the policy options that should be considered by the NSW Government to support the continued growth in the State's living standards.

Local governments are major deliverers of services in NSW and have a key role to play in the productivity discussion.

Academic research highlights that 'Local governments are the least well-funded tier of government within the Australian federation (Brown, 2006).' 'In 2016–17, total taxation revenue in Australia stood at \$488.5 billion of which only \$17.4 billion (3.6%) accrued to local government (ABS, 2018)¹.

In addition, over the past three decades local governments have felt the impact of cost shifting as the national and state governments have transferred some of their responsibilities to local government. Commonly these transfers have taken place without the reallocation of resources, effectively creating an unfunded mandate for local action that

¹ Economic and Labour Relations Review · October 2019

Alan Morris et al *Australian local governments and affordable housing: Challenges and possibilities*

https://opus.lib.uts.edu.au/bitstream/10453/136444/3/Aust%20LGs%20and%20affordable%20housing%20JAAJAM%200190913_190913.pdf

can represent a significant cost on local communities (House of Representatives, Hawker Inquiry, 2003).²

In this fiscally constrained service delivery environment, greater efficiency and effectiveness continue to be key drivers. Local councils and advocacy bodies such as SSROC seek opportunities to improve productivity as part of core business.

Key Issues

SSROC broadly supports the six focus areas identified in the Paper as the basis for developing a productivity agenda across the NSW economy, and would add waste to the water and energy focus area as the current waste industry in NSW offers significant opportunities for development and increased productivity.

The key issues identified in this SSROC submission go to the six areas identified by Paper that local councils can impact that will improve productivity for NSW citizens.

The cross-cutting issue of social and economic infrastructure is a key priority for all local councils to enable them to fulfil their mandate to serve and support their residents and visitors more effectively and efficiently. Often this will require other partners and stakeholders working and delivering on common goals such as the State Government and the private sector.

Transport, housing and other infrastructure are key service areas that require specific attention both to improve Sydney's productivity and outcomes for NSW citizens. For example, waste management infrastructure and more effective participation in the circular economy are important and urgent issues that offer immediate opportunities to improve productivity within Greater Sydney but also other parts of the State.

Due the breadth and multiple layers to the productivity question, this submission focuses on six issues - just a small proportion of the issues canvassed in the paper - that are a current focus of SSROC councils and the SSROC Secretariat. Broadly they involve forms of social and economic infrastructure as well as policy and funding reform. They are by no means an exhaustive list of our local council interests and priorities but rather a list of areas that could be usefully explored and further investigated by the Commission.

A number of the planning and housing related recommendations were previously made at the *Cities for Us Summit* that SSROC with other stakeholders hosted in July 2018³.

This submission defines social and economic infrastructure very broadly from anything that supports the local community to be productive and thrive. It extends from services requiring recurrent expenditure to capital investment and activities that combine the two.

² Ibid

³ Cities for US Summit, Communique 25 July 2018 <https://ssroc.nsw.gov.au/wp-content/uploads/2018/09/Cities-for-Us-Summit-Communique-1.pdf>

Productivity priorities identified that will assist local councils and communities

Priorities to consider for further investigation include:

1. Assured council access to a funding mechanism linked to an infrastructure compact between state government and individual councils to support planned population growth and new development of urban places;
2. More effective planning measures to provide a diverse mix of housing including affordable housing that meets community needs and helps to circumvent homelessness;
3. Integration of recent building industry legislative reforms with the ePlanning Program and other building assurance measures for the ultimate benefit of consumers and industry stakeholders alike;
4. Promotion of local councils as facilitators of the smart city infrastructure to enable digital technology integration and data use across business and local government as a way to help secure our communities' economic and social success by better managing demand and congestion;
5. Reforms to the management of council waste disposal and reuse to make lasting shifts in practice that embed an efficient and sustainable circular economy; and
6. Achievement of a sustainable and better value procurement through the shared and aggregated regional procurement of goods and services for metropolitan councils.

More detailed description of these priorities, the questions posed by Commission they relate to, and potential options for further exploration and development are provided in the following section.

SSROC believes our cities, along with the other regional areas, require a special focus in this discussion. Sydney as an established global city has unique productivity, population and economic growth challenges. These place-based challenges now need a specific focus to tailor responses and embed productivity reforms.

Priorities recommended for further investigation

- 1. Assured council access to a funding mechanism linked to an infrastructure compact between state government and individual councils to support planned population growth and new development of urban places**

Commission Question: How can we improve strategic land use planning and coordination with major infrastructure delivery?

Commission Question: What types of targeted service improvements and demand management solutions could be considered to maximise value from our infrastructure?

Commission Question: What further options should the NSW Government consider to alleviate congestion?

Commission Question: How could councils improve their funding arrangements to provide greater flexibility in meeting their residents' service needs?

Commission question: How might developer contributions be improved to support growth in new areas and service growing?

Problem to be solved

- Plans for urban growth occurring without the necessary social and economic infrastructure, needed to support the population growth, is often a recipe for planning failure and lower productivity. This failure is experienced in: the absence of community support; poor planning; traffic congestion; lower quality of life and liveability for communities; and results in more expensive rectification costs paid for by taxpayers and rate payers when missing infrastructure is retrofitted to local government areas that underwent rapid growth.
- Sydney “needs additional public infrastructure – and private business equipment and structures and housing – accommodate the needs of every extra person (born locally as well as immigrant) if average living standards aren’t to fall.”⁴A misalignment is the opposite to strategic long-term planning and ‘good growth’.
- The lack of community and business support for development can quickly materialise if the economic and social costs of underinvestment are borne disproportionately by residents and sections of the business community or the NSW Government. If unaddressed it can help entrench inequality within under resourced parts of Sydney.
- On the other hand, high levels of contributions paid by developers can restrict viable growth. The absence of long-term plan setting out contribution levels that are required can lead to developers inadvertently paying too much when acquiring development sites.
- Infrastructure priorities need to be holistically considered and encompass; the environment and water; cultural infrastructure; education; health; housing (including affordable housing); waste management; justice; and transport.
- 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.

⁴ Sydney Morning Herald, 27 November 2019, Ross Gittins, *High Immigration is changing the Aussie way of life* <https://www.smh.com.au/business/the-economy/high-immigration-is-changing-the-aussie-way-of-life-20191126-p53e5e.html>

Options to be investigated

- The Communique from the *Cities for Us Summit* recommended moving to a Growth Infrastructure Compact by District and key precincts between the Greater Sydney Commission, Infrastructure NSW, the (former) Department of Planning and Environment and Sydney councils to make sure local community infrastructure keeps pace with growth.
- The new *Place-based Infrastructure Compact (PIC)*⁵ developed for consultation by the Greater Sydney Commission brings many of the key elements together to achieve better planning and an efficient use of scarce resources as Sydney grows.
- It is a collaborative model that looks holistically at a place to identify the most cost-effective sequencing for growth aligned with the provision of infrastructure.
- The PIC model, was created in collaboration with 20 NSW Government agencies shows how to sequence growth in housing and jobs with the delivery of infrastructure, getting the best value for the community. The model shows the full range of infrastructure that should be prioritised to create attractive, liveable, and sustainable places.
- As it is not possible for government to fund all the necessary infrastructure at the same time, growth must be sequenced to meet market demand while not outpacing the combined capacity of NSW Government funding and developers' contributions to pay for services and infrastructure⁶. It seeks to show where new jobs and housing could most cost effectively be delivered to provide the most benefits for people and business.
- The productivity improvement challenge is how to scale up and rollout the Compact (PIC) and related funding to address the infrastructure needs of the 50 new precincts⁷ that are set to undergo re-zonings and rapid growth as announced by the Planning Minister for Greater Metropolitan Sydney.
- A roll out of the PIC to other precincts needs to include established urban areas undergoing rapid densification as a priority. It is envisaged that this could then result in a set of Place-based Infrastructure Compacts (containing infrastructure priorities with a sequencing plan linked to funding) across Sydney.
- In recognition that this would pose a major funding challenge, a transition may be required. As an interim step, the adoption of a Government policy and common methodology for: assessing infrastructure needs and gaps for places undergoing rapid growth; the preparation of cost benefit analysis; and ensuring transparent linkages to the planning system would be a very welcome initiative.

⁵ The Greater Sydney Commission recently released Australia's first Place-based Infrastructure Compact, a new city shaping strategic planning model piloted in Greater Sydney's fastest growing area, the Greater Parramatta and Olympic Peninsula known as GPOP.

⁶ Greater Sydney Commission A City Supported by Infrastructure, Place-based Infrastructure Compact Pilot draft report November 2019, page 9

⁷ Department of Planning Infrastructure and Environment, A new approach to precincts <https://www.planning.nsw.gov.au/Plans-for-your-area/A-new-approach-to-precincts>

- It would help to build community trust, minimise red tape, avoid wasteful duplication of council planning and assessment effort, reduce project delays, provide certainty for developers, avoid escalating congestion and poor servicing of growing populations.
- A long term, integrated strategic approach to infrastructure contributions can help to fix the uncertainty of developer contributions.
- As the Productivity Discussion Paper notes⁸ land is often the most significant expense in delivering new infrastructure. Governments can provide infrastructure at lower costs by:
 - Securing the necessary land before projects are announced and or strategic plans are executed (thereby pre-empting the increase in land values) and,
 - Applying infrastructure contributions to land with a project service catchment, thereby moderating increases in land values while also helping to fund the project.

Potential productivity benefits

- By better aligning growth with infrastructure and services, government-state and local – can afford to deliver quality outcomes for people and the environment.
- Growth is sequenced in a logical way.
- Infrastructure is provided when it is needed.
- Great places are created to support the needs of residents, workers and visitors
- Business opportunities for all involved in making cities are maximised. Better coordinated strategic planning can support a precinct's social and economic development by enabling councils, community organisations, businesses and industries to best utilise local strengths and endowments.

2. More effective planning measures to provide a diverse mix of housing including affordable housing that meets community needs and helps to circumvent homelessness

Commission question: What steps could the NSW Government take to improve residential development regulations to support an adequate supply of affordable housing?

Commission question: How could the New South Wales zoning system be simplified and improved to support greater business innovation and competition?

Commission question: What other planning policy options should the NSW Government consider to ensure the planning system support job creation and respond to consumer preferences?

Commission question: What steps could the NSW Government take to improve residential development regulations to support an adequate supply of affordable housing?

⁸ NSW Productivity Commission Discussion Paper, page 82

Commission question: What principles could be applied to the developer contributions system to ensure transparent, consistent and efficient outcomes?

Commission question: How might developer contributions be improved to support growth in new areas and service growing?

Commission question: What could the NSW Government do to improve efficiency in planning system administration and ensure economic and community benefits?

Problem to be solved

- As noted by the Paper, ‘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’⁹.
- Stable housing forms critical foundation for children teenagers and adults to develop and improve preschool, primary secondary and tertiary educational performance. There is a strong case for housing as part of a country’s essential infrastructure, not as separate or in opposition to investment in transport or energy.
- The local planning system plays a critical role in the supply and growth of sufficient and diverse housing that meets current and future community needs.
- One of the continuing and major gaps in the diversity of housing supply is the lack of affordable housing accessible to a large proportion of the population on lower incomes who are renters.
- For low-income households in metropolitan areas across Australia the situation in 2019 remains untenable. Sydney remains critically unaffordable to significant proportions of the renting population, especially very low and low-income households. While Sydney remains the third least affordable metropolitan region in Australia in part because of its higher median gross income, for those on fixed incomes it remains the most unaffordable city in Australia.¹⁰
- Arguably improving productivity should disrupt social and economic disadvantage. Targeting points of vulnerability aims to avoid the weakest part in a critical system bringing the whole system down. Similarly, the Paper notes that “to achieve sustainable improvements in living standards we need to ensure that everyone can participate in the economy and reach their full potential.”¹¹

⁹ Productivity Commission Discussion Paper, page 20

¹⁰Rental Affordability Index, SGS November 2019

https://www.sgsep.com.au/assets/main/Projects/SGS-Economics-and-Planning_RAI-Nov-19.pdf

¹¹ The NSW PC Discussion Paper page 11.

- CEDA has identified entrenched disadvantage as a well-known feature of the Australian socio-economic landscape. We must not only continue to support the creation of new economic opportunities and improve productivity, but also work to ensure that as many people as possible benefit from and contribute to our economic growth, development and prosperity. ‘The success of Australia’s economy means that we should be able to provide such opportunities. Not only is this good for achieving our economic potential, it reinforces social cohesion and underpins wellbeing.’¹²
- The housing affordability problem is also affecting key and essential workers’ ability to locate near their place of work threatening the viability of the key services they provide to our city. *Key Worker Housing Affordability in Sydney* report found that in the ten years leading up to 2016, key areas in Sydney lost between 10 and 20 percent of teachers, nurses, police and emergency service workers to outer and regional areas¹³. Attracting and retaining skilled key and essential workers is critical part of building a modern and evolving economy

Options to be investigated

- SSROC commissioned City Futures Research Centre UNSW to examine the effectiveness of State Environmental Planning Policy (Affordable Rental Housing) 2009 SEPP¹⁴ in SSROC. The research¹⁵ found that while the AHSEPP created a diversity of housing options it was often ineffective in increasing genuinely affordable housing supply for very low- and low-income renters.
- The Communique from the *Cities for Us Summit* recommended strategically extending SEPP 70 to all Sydney councils to consistently and more fairly meet Sydney’s pressing housing problem of housing unaffordability.
- In March 2019, the NSW Government extended SEPP 70 to all NSW Councils enabling them to opt to establish a local contribution scheme in some precincts and provide a guideline to assist councils with this task.
- From a productivity perspective it will be important that the affordable housing contribution schemes provide certainty and clarity to developers and communities around their application. The current opt-in approach combined with viability testing runs the risk of creating a complex and confusing matrix where the contributions that apply are not predictable, and the scheme is likely to produce poorer affordable housing outcomes than other mandatory schemes elsewhere.

¹² CEDA Disrupting Disadvantage 2019 page 14

https://www.ceda.com.au/CEDA/media/General/Publication/PDFs/CEDA_DisruptingDisadvantagesS1Nov2019_com.pdf

¹³ Sydney University 2018, *Key Worker Housing Affordability in Sydney* report

<https://sydney.edu.au/news-opinion/news/2018/02/05/emergency-and-key-services-at-risk-due-to-property-market-boom.html>

¹⁴ One central aim of the AHSEPP is to facilitate the private development of diverse housing options, and housing with lower rents than the existing market context.

¹⁵ <https://cityfutures.be.unsw.edu.au/research/projects/affordable-housing-sepp-and-southern-sydney/>

- As noted in the Paper, a strategic approach would help councils establish schemes before projects are announced and or strategic plans are executed (thereby pre-empting the increase in land values) and, applying affordable housing contributions to land affected by rezoning and public infrastructure investment, thereby moderating increases in land values while also helping to fund the affordable housing.

Potential productivity benefits

- The [*Strengthening Economic Cases for Housing*](#) (Maclennan et al, 2018) report by the UNSW City Futures Research Centre found that by building affordable housing at reasonable distances from where people work and in sufficient volume, there is a significant reduction in travel times that reduces costs to households, which also releases time for work and increases labour supply. It also factored the cost to government of investing in 125,000 new affordable rented homes over 10 years in well-located neighbourhoods.
- The study found that moving workers close to a wider range of jobs would lead to a \$17.57 billion boost to the NSW economy over 40 years. The report assessed the economic impact of moving low to moderate income households from areas on the fringe of Sydney to better locations of affordable housing which were closer to jobs and services.
- Similarly, on the international front, the McKinsey Global Institute in 2016 estimated that the shortage of affordable housing depressed GDP across the Los Angeles metro area by more than 2 percent. This translates into \$18 billion to \$22 billion in lost output every year for the City of LA, and almost double that amount for all of LA County. Most of this occurs as households forgo other types of consumption to pay the rent or mortgage.
- The McKinsey study found consumption was limited even further for residents who face high transportation costs because they cannot afford to live near their place of employment—a situation that contributes to some of the worst traffic congestion in the US and related environmental consequences. The affordable housing shortage was also one of the factors contributing to homelessness in Los Angeles and increasing the challenge of getting people back on their feet and into permanent housing.¹⁶

3. Integration of recent building industry legislative reforms with the ePlanning Program and other building assurance measures for the ultimate benefit of consumers and industry stakeholders alike.

Problem to be solved

- The NSW Government has announced that it will become mandatory for metropolitan councils to use the NSW Government's e-planning and reporting

¹⁶ <https://www.mckinsey.com/industries/public-sector/our-insights/affordable-housing-in-los-angeles-delivering-more-and-doing-it-faster>

system from 1 January 2020. The e-planning platform allows councils to post real time information on the number of development applications in their area, as well as the status of projects and expected time of completion¹⁷.

- The system is currently developed and is available to councils on a voluntary basis.
- The introduction of the Design and Building Practitioners Bill will require declared designs and as-built drawings to be lodged with the government. The Building Commissioner has said these will be made available on an easy-to-access platform.
- There is an opportunity to cut red tape, increase transparency and reduce Council assessment timeframes by linking information about development applications with the declared designs and drawings of the developments and as built drawings.

Options to be investigated

- The First Report of the Legislative Council Public Accountability Committee *Inquiry into Regulation of building standards, building quality and building disputes* makes a recommendation to require contemporaneous lodgement of plans with the NSW Government through the Planning portal. “Recommendation 19 That the NSW Government require on-line contemporaneous lodgement through the NSW Planning Portal of all relevant documentation, including plans, drawings and certification, to clearly document the full project as built.”¹⁸
- A smart solution that effectively links the critical information about building developments, both the development application process and the designs, has capacity to improve transparency, accountability and streamline access to this critical information for all stakeholders, significantly decreasing the information asymmetry of prospective buyers and restoring public confidence in the performance of the building industry in NSW.

Potential productivity benefits

- Property buyers currently need to invest considerable time and resources to uncover the likelihood of building defects. This screening process includes examining available records and the behaviours of sellers and their representatives. But this adds to buyers’ costs, which disadvantages them in the marketplace.

¹⁷Government News, Judy Skatsoon
Premier decrees mandatory e-planning 28 November 2019
<https://www.governmentnews.com.au/premier-decrees-mandatory-e-planning-for-councils/>

¹⁸ Legislative Council. Public Accountability Committee, *Regulation of building standards, building quality and building disputes*, November 2019, First Report
<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2540/Regulation%20of%20building%20standards,%20building%20quality%20and%20building%20disputes;%20First%20report%20-%20Report%20No.%204.pdf>

- Good information provides the critical foundation for effective asset management. The availability of accurate current information at the building level will aid better and more timely decision-making about property assets and ensure greater stakeholder accountability.

4. Promotion of local councils as facilitators of the smart city infrastructure to enable digital technology integration and data use across business and local government as a way to help secure our communities' economic and social success by better managing demand and congestion

Commission Question: How could agencies use data and “smart” infrastructure to improve asset management?

Commission Question: What types of targeted service improvements and demand management solutions could be considered to maximise value from our infrastructure?

Commission Question: 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?

Options to be investigated

- Councils, in cooperation with their electricity distributors, could substantially improve the productive of street lighting services by widely deploying LEDs with smart controls. As highlighted in the Commonwealth-sponsored IPWEA Street Lighting & Smart Controls Roadmap (2016), smart street lighting controls can lower overall costs and improve service levels by:
 - improving energy savings by a further 10-20% (through dimming, trimming and constant light output controls);
 - improving maintenance efficiency through automated fault reporting and the elimination of night patrols;
 - reducing the environmental consequences of over lighting; and
 - offering a range of asset management benefits including installation time savings, auto-population of asset registers and insights into the performance of the electricity network to a granular level.

More broadly, as is being recognised in many parts of the world, the deployment of the communications networks to support smart street lighting controls can facilitate the deployment of other smart city infrastructure at very low marginal cost. This includes a range of people/vehicle traffic counters, climate sensors, particulate sensors, water/flood-related sensors, asset tracking devices and other devices crucial to enabling the smart connected city.

- Councils could improve the productivity of their waste collection services, such as by analysing data about how full bins are and adjusting the frequency of collection or bin sizes in response. This and other innovations in the sector

would depend upon having a network capable of gathering the data, and systems capable of analytics.

- Strategic planning for waste services could also be informed by the aggregation of sourced data and analysis of it at a high level, in order to plan adequately for industry development, infrastructure and waste-related freight movement. That in turn would necessitate an open platform where the data from individual councils and bins could be collated. The Commission should liaise closely with the NSW Government's IoT Project in this regard, to ensure interoperability requirements are met and that councils (and other owners of sensor-derived data) are not locked into proprietary systems of limited functionality.

5. Reforms to the management of council waste disposal and reuse to make lasting shifts in practice that embed an efficient and sustainable circular economy

Commission Question: How can we improve strategic land use planning and coordination with major infrastructure delivery?

Options to be investigated

- Waste management is an essential service and should be planned for accordingly. All strategic planning instruments should take into account the need for waste services. This must include from the design of new buildings and precincts to accommodate adequate and up-to-date waste collection services within the site to industrial-scale infrastructure for waste processing and resource recovery facilities with adequate buffer zones between them and residential areas.
- Where facilities cannot be located in densely populated areas, then provision must be made for transfer stations, where collection vehicles can transfer and potentially sort waste for onward movement.
- Preferably, onward movement should be by train to avoid road congestion. Strategic land use planning would therefore also need to take into account the movement of waste as freight, and consider moving freight from a regional hub and returning with waste material destined for a resource recovery facility at that same regional hub.

Commission Question: What further options should the NSW Government consider to alleviate congestion?

Options to be investigated

- Where waste processing and resource recovery facilities cannot be located in densely populated areas, the provision must be made for transfer stations so that collection vehicles are only on the road during collection runs. Onward movement

should preferably be by train to avoid adding to road congestion, which has a negative effect on overall productivity.

- While waste material could be compacted into containers for movement by road, this would mean additional adding to trucks on the road. It could also make sorting the waste at the destination facility more difficult.

6. Achievement of a sustainable and better value procurement through the shared and aggregated regional procurement of goods and services for metropolitan councils.

Commission Question: What new tools can be harnessed to enable an adaptive iterative and outcomes-based approach?

Commission Question: How can existing innovative service delivery models be further leveraged to improve productivity and customer outcomes?

Problem to be solved

- Under local government regulation councils are very constrained in their ability to procure products and services. It is very difficult for councils to enter into adaptive, iterative or outcomes-based agreements.
- SSROC manages hundreds of millions of dollars in procurements as an agent for its member (and sometimes other) councils, and the model imposed under the current regulatory framework is unsuitable for this level and scale of procurement.
- SSROC, acting as an agent for councils through a procurement shared service, operates under the same regulatory framework and is extremely constrained in its ability to procure products and services. Although we achieve very good results, these constraints definitely affect our and our member councils' productivity in this field.

SSROC is not a prescribed body under Section 55 of the NSW Local government Act 1993 Requirements for Tendering and Regulations (General) 2005. As a result, we need approval and at times resolutions by councils in performing our services. This cumbersome process complicates and delays the achievement of good commercial outcomes. A regional organisation of councils should at least be allowed to operate under the same provisions as a Joint Organisation of councils under the Local Government Act 1993, or even better should be a prescribed body.

- In response to community and council strategic priorities, SSROC is particularly interested in developing new industries such as in resource recovery from waste and in distributed energy generation. But it is almost impossible for us to use contract models that are common in the commercial sector, such as risk-sharing

agreements, contracts-for-difference, or with an innovative start-up business that requires up-front investment.

Options to be investigated

- SSROC's procurement service is project-based and much more sophisticated than just setting up contracts under the terms of which councils can buy goods and services. Our procurements have objectives to open up opportunities for innovation while ensuring they meet our economic, social and environmental requirements.
- Our contracts are typically complex project-based initiatives, such as:
 - a unique joint procurement of waste services that delivered infrastructure and jobs in our region and in regional NSW, and
 - an innovative new power purchase agreement for renewable energy, requiring a major electricity retailer to change its contract.
 - A fully integrated stormwater management services across our region
 - A common disposal and recycling site of our excavated roadworks material for a lower supply chain cost
- NSW Local Government procurement regulation would benefit from a serious overhaul to permit innovation and progress. This type of procurement would be greatly enhanced under a revised procurement framework that would allow consideration of new and innovative models.

Conclusion

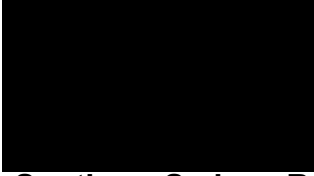
SSROC, as a key part of the *Metropolis of Three Cities* in Greater Sydney has a direct interest in supporting and advocating for these transformational shifts and investment in key parts of land use planning, the economy and the broader society that will result in improved productivity.

As part of developing the NSW productivity reform agenda, we look forward to the development of the *Productivity Green Paper*. The process, we trust offers a genuine opportunity for local councils to engage with the NSW Government to ensure our member councils and communities can fully participate and rise to the challenges of improving productivity. We recommend that the Commission consider not only the productivity of councils themselves but also the possibilities for councils to contribute more broadly to productivity in NSW through, for example, stimulating the development of new industries within NSW, such as resource recovery and distributed energy.

In order to make this submission within the timeframe for receiving comments, it has not been possible for it to be reviewed by councils or to be endorsed by the SSROC. I will contact you further if any issues arise as it is reviewed. If you have any queries please do not hesitate to contact me or Helen Sloan SSROC's Program Manager or Mark Nutting, SSROC's Strategic Planning Manager on 8396 3800.

Again, thank you for the opportunity to comment on the *Kickstarting the productivity conversation* Discussion Paper and we are keen to participate in the next stage of developing the productivity reform agenda, in particular discussions about the impact on local councils.

Yours faithfully



Southern Sydney Regional Organisation of Councils