



18 September 2020

Mr Peter Achterstraat AM
Commissioner for Productivity
productivityfeedback@treasury.nsw.gov.au

Dear Commissioner

Subject: Submission - Continuing the Productivity Conversation

Thank you for the opportunity to make a submission to your Green Paper: *Continuing the Productivity Conversation*. The attached submission, prepared by staff from Lake Macquarie City Council, provides feedback on recommendations we feel may have a direct impact on local government.

When I responded to your Discussion Paper in November 2019, I noted that the City was facing an ongoing decline in the mining and manufacturing sectors (a reduction from 37 per cent of the City's output in 2013 to just 20.3 per cent in 2017). Adding to this is the impact of COVID-19 on our tourism, retail and hospitality sectors – sectors that are critical to our regions ability to pivot and diversify its economy.

In finalising your recommendations, I ask that you consider how we can stimulate regional economies such as ours to recover and grow. This includes considering how different measures, such as the piloting of new initiatives, could be prioritised for regional communities.

I trust the information provided in the attached is of assistance. Should you require further information, please contact me on [REDACTED]

Yours sincerely

[REDACTED]

[REDACTED]

Your Ref:

[REDACTED]

Lake Macquarie City Council staff submission – Continuing the Productivity Conversation

Key recommendations for review	Comment
<p>Draft recommendation 4.1 Extend the operation of temporary COVID-19 regulatory changes for 12 months while we evaluate their success. Keep them in place where we see a net public benefit.</p>	<p>Council staff note the temporary COVID-19 regulatory changes have led to a minor increase in managing customer complaints. However, Council staff support the extension of the temporary COVID-19 regulatory changes for an additional 12 months and would be willing to participate in any evaluation process established by the State Government.</p>
<p>Draft recommendation 4.2 Retain the temporary adjustments to regulatory and legal formalities, including digital solutions to replace paper-based reporting, physical witnessing and attestation of documents and various other in-person requirements for compliance. Explore opportunities to similarly update other outdated regulatory requirements.</p>	<p>Council staff support the ongoing use and continued expansion of digital solutions replacing paper-based reporting.</p>
<p>Draft recommendation 4.5 Remove pharmacy ownership and location restrictions, with licence requirements targeted at pharmacist control of quality systems and practices. Allow pharmacies to co-locate with supermarkets.</p>	<p>Council staff believe that, from a strategic planning perspective, pharmacies are a type of retail premise. Therefore, pharmacies are permitted where retail is permitted. The market should drive the decision behind co-locating pharmacies with supermarkets.</p>
<p>Draft recommendation 4.8 Build on retail trading measures introduced during the COVID-19 pandemic and allow all retailers to trade on restricted trading days, on the condition that staff freely elect to work.</p>	<p>Subject to noise and amenity impacts being considered, Council staff support this recommendation and would welcome a consistent approach being adopted across the State to remove confusion while also promoting economic benefits and increased employment opportunities.</p>
<p>Draft recommendation 4.9 Review the restrictions on supermarkets, general stores and other retailers selling packaged alcohol, particularly low-alcohol beverages, for off-premise consumption to promote competition and opportunities for small business.</p>	<p>Council staff welcome a comprehensive review of the restrictions surrounding the sale of alcohol. Social implications need to be considered, including whether the increased availability of alcoholic beverages may affect expectations around the availability of locations where the public consumption of alcohol is accepted/permitted.</p>
<p>Draft recommendation 4.14 Revise laws to encourage Personal Mobility Device innovation and use</p>	<p>Council staff support this recommendation to provide more transport choice and help encourage more people to change transport mode (modal shift) with subsequent environmental, asset, congestion, air quality benefits.</p>
<p>Draft recommendation 4.15 Improve regulatory practices in local government by expanding the scope of the 'Your Council' website. Encourage greater regulatory collaboration between state regulators and local councils.</p>	<p>Council staff are open to exploring an expanded scope for the 'Your Council' website. Staff have concerns that the Key Performance Indicators do not represent the 'full picture' of each Council's performance. Additionally, regulatory practices differ between councils, which may make</p>

Lake Macquarie City Council staff submission – Continuing the Productivity Conversation

	<p>consistency challenging to achieve. For example, Lake Macquarie City Council is shifting towards a risk-based regulatory approach to improve consistency with State regulatory practices. A risk-based approach changes how Council will design and enforce regulations.</p>
<p>Draft recommendation 4.19 Create a best-practice regulatory policy framework, with Regulatory Stewardship as the cornerstone, that promotes rigorous and transparent impact assessments and improved regulator performance.</p>	<p>Council staff support this recommendation and believe our transition to a risk-based approach to regulation will assist our ability to implement a best-practice regulatory policy framework.</p>
<p>Draft recommendation 5.3 Bring together leaders from all key NSW water sector organisations to coordinate and deliver the vision outlined in the planned State water strategy. Identify governance measures to solve the fragmentation of water responsibilities across NSW. Draw on the experience of the INSW South creek Sector Review to identify other areas in NSW that would benefit from integrated land use and water planning.</p>	<p>Council staff support this recommendation, welcoming the opportunity to work with other organisations to improve integration and improve the awareness of local, regional and State priorities across organisations.</p>
<p>Draft recommendation 5.5 Coordinate with state-owned water corporations to develop and implement a public engagement program for recycled water. Explore the establishment of a Demonstration Plant in Sydney to help people understand the water cycle.</p>	<p>Council staff support this recommendation and believe there are many opportunities to use recycled water for a range of different uses. This includes irrigating sporting fields or helping water-intensive industries transition to using recycled water.</p> <p>Hunter Water is a State-owned entity; we would welcome the expansion of the Demonstration Plant to the Hunter.</p>
<p>Draft recommendation 5.6 Identify and assess alternative models to help local water utilities meet quality and reliability standards</p>	<p>Council staff support this recommendation, noting that Hunter Water is independent of the seven Local Government Areas it services.</p>
<p>Draft recommendation 5.8 Review NSW’s Building Sustainability Index Scheme to ensure it meets both environmental and economic objectives</p>	<p>Council staff support this recommendation, believing that the review could modernise the scheme to improve energy and water efficiency targets.</p> <p>Staff note new buildings only make up a small percentage of all buildings; therefore, the larger issue is the need for a policy approach to retrofitting existing buildings to make them more efficient.</p>

Lake Macquarie City Council staff submission – Continuing the Productivity Conversation

<p>Draft recommendation 6.1 Change planning controls to enable more housing and business activity within reasonable walking distance of transport hubs on underutilised corridors</p>	<p>Council staff support this recommendation and encourage improved integration between land use planning and transport planning to promote greater take-up of public transport and active travel. Objectives within Lake Macquarie City Council's Local Strategic Planning Statement are consistent with this recommendation.</p>
<p>Draft recommendation 6.4 Explore options to reduce driver behaviours that increase road congestion, focusing on trip timing, merging, intersection etiquette and driver distraction. Develop a strategic options (Gate 1) business case for cordon charging in the Sydney Central Business District and at other congestion hot spots.</p>	<p>Council staff support this recommendation to explore options to reduce driver behaviours. Council staff would be willing to participate in any local government consultations that may be planned.</p>
<p>Draft recommendation 7.1 Require councils to analyse housing supply capacity and show that planning controls are consistent with the dwelling needs identified by Greater Sydney's 20-year strategic plans for 5-year, 10-year and 20-year windows. Where a lack of capacity is identified, ensure councils revise their Local Housing Strategies and Local Strategic Planning Statements to reflect the objectives identified in the Greater Sydney strategic plans. Ensure councils immediately update relevant planning instruments to meet 6-10 year housing targets and report housing completion by Local Government Area every six months. Publish annual 10-year forecasts for State-led/partnered precincts. Monitor housing forecasts and projections on a six-monthly basis. Where housing shortfalls arise, require councils to revise housing strategies and Local Strategic Planning Statements to indicate how the shortfalls will be remedied.</p>	<p>Council staff note the recommendation focusses on Sydney. We recommend the Commissioner consider a similar proposal for regional areas also experiencing population growth to ensure proper understanding of housing supply and demand issues. Lake Macquarie City Council monitors housing supply capacity through our Urban Development Program. Council completed a Housing Supply Study in 2018, analysing housing supply and capacity alongside forecast population growth. This study will be reviewed every five years. The study and Urban Development Program indicate Lake Macquarie City has at least 6-10 years of housing supply capacity.</p>
<p>Draft recommendation 7.2 Review and revise SEPP65, aiming to minimise prescriptions so as to ensure maximum flexibility for housing that matches consumer choice while maintaining basic quality. Review the Guide to Traffic Generating Developments by the end of 2021 to ensure it reflects current travel behaviour and the best approach to traffic management. Review parking controls within strategic centres and areas with good public transport accessibility. Reduce car parking requirements within 800 metres</p>	<p>Council staff support the recommendation and would welcome the reviews, requesting they consider the following: SEPP 65 - The State has recently released statements to clarify the flexibility of SEPP 65 and the ADG, however, the controls still appear to be applied strictly. A review and clear guidance on the application of controls having flexibility is recommended. Guide to Traffic Generating Development – This is desirable to ensure parking provisions matches behaviours and future desired behaviours.</p>

Lake Macquarie City Council staff submission – Continuing the Productivity Conversation

<p>of public transport nodes by the end of 2021.</p>	<p>Car parking controls – This is desirable to ensure that reliance on car travel is reduced in well-serviced locations. Consideration of ways to discourage oversupply should also be considered as car parking within the developments is often at the mercy of the developer and their desire to have less or more car parking (pending what suits their circumstances).</p>
<p>Draft recommendation 7.3 Rationalise existing business and industrial zones in the Standard Instrument LEP to reduce the number of zones. Broaden the range of permissible activities to ensure prescriptions are reserved for genuinely incompatible land uses. Expand application of the complying development assessment pathway to the newly consolidated employment zones.</p>	<p>Council staff support the recommendation and believes uses in business, and to a lesser extent, industrial zones could be relaxed. For example, advanced manufacturing could be compatible with a business/commercial area if particular impacts such as noise, odour, vibration, other amenity issues could be managed. Consideration should be given to the ‘agent of change’ principle, which requires that the activity that is changing or being proposed is responsible for mitigation measures.</p> <p>Council staff support rationalising the number of employment zones in the standard LEP.</p> <p>Council staff suggest planning policies and regulation should focus on building appearance and the relationship to the street, rather than concentrating on how the internal floor space is used.</p> <p>Council staff also support the expansion of the complying development pathway to more employment uses.</p>
<p>Draft recommendation 7.4 Require councils to prepare economic strategies (including commercial centre strategies) with the aim of increasing employment and productivity outcomes when updating Local Environmental Plans.</p>	<p>Council staff note that this will be a short term measure as longer-term economic, social and environmental strategies should be reflected in / contained within a council’s Local Strategic Planning Statement.</p> <p>An economic study and analysis are prepared as a part of the Local Strategic Planning Statement process. Having a different economic strategy, and by extension, various social and environmental strategies can create conflict and ambiguity in understanding the overarching strategic direction for each local government area.</p> <p>Lake Macquarie City and the Central Coast have in place a <i>Regional Economic Development Strategy</i> prepared in consultation with the Department of Premier and Cabinet. The actions identified in this document have been incorporated into Lake Macquarie City’s Local Strategic Planning Statement, which allows for regular monitoring and review.</p> <p>Notwithstanding the above, Lake Macquarie City Council has established</p>

Lake Macquarie City Council staff submission – Continuing the Productivity Conversation

	<p>Dantia (the Lake Macquarie Economic Development Company) as a wholly-owned entity focussed on economic strategy. Dantia has in place several strategies and plans, which are reviewed and approved by their Board, of which Lake Macquarie City Council is a member.</p>
<p>Draft recommendation 7.6 Continue to implement measures to reduce red tape and complexity in the planning system. Bring NSW approval assessment times into line with other jurisdictions' times by the end of 2023</p>	<p>Council staff support this recommendation provided red tape reduction doesn't lead to compromised assessments.</p> <p>Council staff support the use of the NSW Planning Portal; however, the portal is currently operating sub-optimally, and limited support has been provided to councils for its integration with other council systems. Council staff would welcome funding and support to help maximise the potential gains of having a fully integrated planning system.</p>
<p>Draft recommendation 7.7 Develop a consistent approach to measuring benefits to community welfare from the provisions of open and green space to help inform government business cases involving development. Develop better options for taking into account green infrastructure and public space in strategic land use planning.</p>	<p>Council staff support this recommendation and note Lake Macquarie City Council is actively participating in the Greater Newcastle Blue and Green Grid project being facilitated by the Department of Planning, Industry and Environment.</p> <p>Having consistent standards for the provision of public open space, inclusive of urban greening/urban forest strategies, will be an essential component of strategic land use planning.</p>
<p>Draft recommendation 7.8 Progress reforms to the infrastructure contributions system after the Productivity Commissioner's current review, to deliver a principles-based, transparent and certain system.</p>	<p>Council staff support the adoption of a principles-based, transparent and certain infrastructure contributions system is supported.</p>
<p>Draft recommendation 8.1 Replace inefficient taxes with more efficient ones. Start by replacing transfer duty with a broad-based land tax. Before proceeding, identify how various designs will improve the economy and the state budget, and how adverse impacts on various groups can be minimised. Propose, for consideration by the Board of Treasurers, the establishment of a single interjurisdictional body to coordinate the adoption of a consistent approach to the administration of payroll tax systems in all states and territories.</p>	<p>Council staff support the recommendation to replace transfer duties with broad-based land taxes. Noting what occurred in the ACT, an associated advertising campaign is recommended, which outlines the approach and its benefits.</p> <p>Council staff also support the recommendation to establish a single interjurisdictional body to coordinate the adoption of a consistent approach to the administration of payroll tax systems in all States and Territories.</p>
<p>Draft recommendation 8.2 Use the Review of Infrastructure Contributions to find ways to deliver a more</p>	<p>Council staff support the recommendation to find ways to deliver a more sustainable system of rates and infrastructure contributions.</p>

Lake Macquarie City Council staff submission – Continuing the Productivity Conversation

sustainable system of rates and infrastructure contributions, so that councils can provide the infrastructure and services required to accompany development and growth.

Evaluate reforms within three years and if reforms do not provide sufficient funds to deliver services, councils should hold a plebiscite of ratepayers to test support for abolishing the rate peg.

The combination of rates pegging with growth results in insufficient money to fully fund the growth and puts considerable financial pressure on councils.

It is recommended that the final findings of the Productivity Commissions report into Infrastructure Contributions be released before finalising this recommendation.

Notwithstanding the above, it is believed that the growth reform will have some positive effect, but this may be insufficient to resolve the rates pegging-growth issue. Therefore, a review in three years is supported.

It is further recommended that the review and any plebiscite of ratepayers are mandated across NSW to ensure all councils undertake this action.