

18th September 2020

Mr Peter Achterstraat AM
Productivity Commissioner
NSW Productivity Commissioner

C/o- ProductivityFeedback@treasury.nsw.gov.au

Dear Mr Achterstraat

Continuing the Productivity Conversation - Green Paper

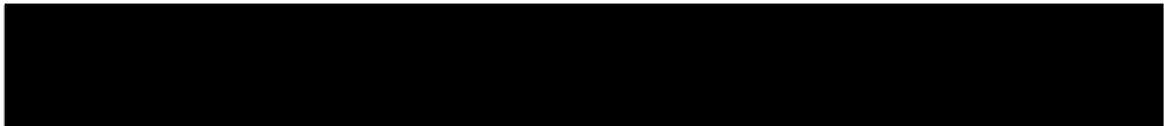
I write regarding the NSW Productivity Commission's *Green Paper – Continuing the Productivity Conversation* (the Green Paper). On behalf of the members of the Urban Taskforce, I thank you for the opportunity to provide feedback on this timely, considered and important paper.

The Green Paper and the section on the NSW planning System in particular, provides a valuable response to the well documented issue of lost economic opportunities arising from the poor administration of the NSW planning system. Urban Taskforce supports all of the recommendations contained in the Green Paper. The matters outlined below are suggested further improvements on what is an already outstanding body of work.

As raised in feedback sessions with the NSW Treasury team supporting the Productivity Commission, we believe there should be explicit reference to the Australian Government's *Intergenerational Report* to underpin the importance of population growth to economic growth. Additionally, the reference to the Intergenerational Report should be used to illustrate the importance of economic growth to deliver a sustainable tax base given increased demand for government services from an aging baby boomer demographic cohort.

Taking all steps necessary to return to a strong population growth agenda will be critical to the State's economic recovery from the COVID-19 pandemic. The Urban Taskforce recommends that the NSW Government actively supports a safe return of both migration and international students. Australia has demonstrated its successful quarantine program, in returning hundreds of thousands of expats from all over the world. The planning system should be gearing up for a return to pre-COVID-19 immigration levels, but instead, the current approvals date shows the opposite has occurred.

The Urban Taskforce notes the housing supply numbers in the Green Paper do not appear to align with those in the *Housing Strategy for NSW – Discussion Paper* (the draft Housing Strategy). The draft Housing Strategy states Greater Sydney will need to deliver a total of 1 million new houses between 2020 and 2040 (an average of 50,000 per annum) to meet projected population growth and the associated housing demand. The Green Paper has noted that despite some recent boom years in housing supply there is a deficit of 70,000 houses to meet demand. In fact, in only [2] of the last [20] years has



the housing supply exceeded 40,000 per annum – underlining the need for drastic and immediate reform to the planning system. More recently, but even prior to COVID-19, housing approvals have dropped significantly. Housing completions will, inevitably, follow making productivity improvements to housing approvals even more pressing.

The Urban Taskforce called for a COVID-19 responsive relaxation of rules relating to the business operating hours and delivery hours which was, swiftly, implemented by the NSW Government.

In operation this new operating regime has demonstrated that more flexible business practices can be balanced with the needs and expectations of the community.

Feedback from our members and, I understand, Councils, is that there been very few if any complaints received during this time. Accordingly, Urban Taskforce recommends a more permanent extension of these arrangements.

Extended hours of operation for construction sites. Extended hours of operation for supermarkets and the ability to make truck deliveries outside of peak hours will assist in easing traffic congestion, as more deliveries could be spread across the day. We expect this will be more important than ever as people continue to return to CBDs and centres via private vehicles and avoid public transport.

The Urban Taskforce particularly welcomes the Green Paper's recommendations regarding the abolition of stamp duty and replacement with a broad based tax, possibly a land tax, to spread the burden of funding of new infrastructure to support housing growth and remove the highly ineffective and behaviour distorting current tax. It is important however, to ensure any new tax avoids unfairly disadvantaging the lower socio-demographic populace.

The NSW planning system is rife with inefficiency and wasteful costs, involving feedback loops and often the provision of unnecessary reports which inevitably give those having opposition to development a second and sometimes third chance to frustrate and delay required progress. This inefficiency has been brought out in the Productivity Commission's work with the identification of NSW being the slowest planning system for every category of development approval for all states on the eastern seaboard.

There are many quick and simple fixes which can be implemented immediately to improve the system whilst the longer process of legislative changes is undertaken. Shorter term fixes could include:

- An interim immediate reduction to levies and charges
- Financed, shovel ready, employment generating projects of scale being 'called-in' to be fast tracked through assessment by DPIE and determination by the Minister
- A direction from the Minister to allow a broader range of permissible uses on industrial zoned land.

The Urban Taskforce would be happy to provide further details of these on request.

The Urban Taskforce congratulates the Productivity Commission on its work to date in the publication of the Green Paper and urges the Commission to maintain its independence and rigour. The Urban Taskforce eagerly awaits the publication of the White Paper and the implementation of reforms.

Yours sincerely

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