



15 April 2016

Re: Innovation Directions Discussion Paper

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of sixteen municipal and city councils. SSROC provides a forum for the collaboration 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 over 1.6 million, (one third of the population of Sydney), and an area of 680 square kilometres.

Thank you for the opportunity to comment on Innovation NSW Discussion Paper. In order to make this submission by the consultation deadline, it has not been possible to obtain the endorsement of the SSROC Delegates (the elected representatives). I will be in touch if any issues should arise as a result.

In the comments below, numerical references are to the sections in the *Discussion Paper*.

1.2 The NSW Government is receptive to suggestions as to where we can best make a difference and direct efforts to support the innovation ecosystem. In your opinion, where would that focus best be directed?

For the NSW government to support the innovation ecosystem it is essential to offer a substantive definition of what innovation is and provide cogent examples of what it looks like in practice as policy, programs or services. Innovation can be defined and extrapolated upon in many different ways therefore government ought to establish targets, goals and areas as to where and when support will be provided and what that support will constitute in real terms.

A clear overarching narrative identifying what NSW and Australia want to achieve through innovation can provide this definition and the policies to guide it. This narrative can only come through consultative discussion and collaboration with government, business and community.

Developer Knowledge Hub

Many developers in Sydney seem to have only profit and their own interests in mind: few are concerned about broader social, environmental and economic issues such as building a community with green space, health and educational facilities, or local centres. A Knowledge Hub, as an industry-led centre of excellence focused on development within the strategic context of the aims of A Plan for Growing Sydney, could start a process of culture change within the industry. The expectations of the role of a developer need to be dramatically altered, and the industry needs to change its attitude to the society from which it greatly benefits: development needs to be in the mutual interests of both developer and community: NSW has a huge opportunity for innovation through such an establishment.

Industrial Ecology

The earth's resources are finite, and energy and materials need to be preserved. Our attitudes need to change so that we all move away from simply throwing away items



that we not longer have a use for, towards reusing, recycling and recovering. SSROC therefore strongly supports the NSW's government's initiative "Circulate", being delivered by the EPA to bring industrial ecology into the mainstream.

This project "to develop commercial applications for the re-use of waste items currently being sent to landfill" and targeting medium to large enterprises, is an encouraging innovation. We note however, that it is only funded to 2017. SSROC urges the government to continue funding this program.

SSROC would also suggest that the program could be further strengthened by the allocation of funding to research into analysis of industrial waste materials to identify the resources contained within it, and to identify potential new uses and means of extracting those resources. The program is a good initiative, and could become even more innovative by exploring and identifying new options for resource recovery, even at the elemental level.

2.1

How should the NSW Government most effectively consider regulatory responses to disruptive technologies as they emerge?

The Government needs to determine if they want the long-term economy, standard of living, to improve within the State. If so, local industry, business, and research should be supported to grow stronger against internationally owned disruptive technologies, which are in direct competition. Local disruptive technologies should also be supported as they are developed from local innovation. Regulation should not be anti-competitive towards internationally originated or directed disruptive technologies however the impacts on Australian and NSW State industry must be considered. Regulation then must give Australian industry a fair chance in the face of imported disruptive technologies to compete.

Incentives and infrastructure for electric vehicles

NSW could become a leader for the electric vehicle market in Australia. The recent launch of the Tesla 3 and the planned introduction of new electric vehicles signal a fundamental shift in the global automobile industry. The lack of genuine incentives and infrastructure to support the growth of electric vehicles in Australia limits the technology to a minority of earlier adopters as other major cities and countries are increasingly catering to the market for electric vehicles. Incentives such as registration fee discounts, stamp duty exemptions, and use of transit lanes are some possible methods for encouraging up take of such vehicles. Furthermore the installation of charging stations in convenient locations such as commuter or supermarket car parks with a focus on energy from renewable sources is essential to this innovative industry's growth. Incentives could be offered to companies and local councils seeking to install or establish charging stations

Sustainability rating system for properties

The NSW Innovation strategy has the potential to create an industry of sustainability auditing for private properties if it were to introduce a compulsory sustainability rating for properties being sold in NSW. This could be done by mandating the BASIX assessment system for all homes and by raising the current BASIX benchmarks. This not only has the potential to create significant job growth in auditing and renewable energy and energy efficiency sectors but could see home efficiency become a key indicator of value and have property owners invest in measures that would increase the value of their property, reduce household bills and carbon



emissions reducing strain on the electricity grid and reducing state wide carbon emissions.

2.2

Are there current NSW regulations which unnecessarily inhibit innovation, even when balanced against consumer and business protections?

Efficiency is essential for innovation and SSROC has a significant role in further efficiency and cost saving for local government. SSROC currently manage over 30 contracts to a value in excess of \$100 million per annum on behalf of its member councils. Although SSROC have the function of a tendering agent and perform an ongoing contract management role, the process is currently disjointed with acceptance of tenders being required by each individual participating council. This makes the procurement process less efficient than it could be and potentially less effective.

An example of the constraints of the current process is the tender that was undertaken for the SSROC electricity contract on behalf of 17 councils, where the prices tendered are only held for a very short period of time, a matter of days in the energy sector. SSROC overcame this risk by partnering with a prescribed organisation to ensure the tender bid was accepted and the contract could be executed within the time constraints. However, the additional costs associated with this method, could be avoided if SSROC (and all ROCs and JOs) were allowed to be a 'prescribed person' for the purposes of section 55 (3) (a) of the current Local Government Act.

Although allowing Councils to delegate acceptance of tenders would address this issue, SSROC would still prefer to be a prescribed person under the Local Government (General) Regulation 2005 (the Regulation). As a prescribed person this would allow ROCs and future regional JOs to conduct group purchasing by councils and enter into contracts on behalf of councils, without the need to go back to each individual council for endorsement, eliminating a further step of inefficiency by not requiring delegation from multiple councils.

Decentralised Energy

Decentralised energy using renewable sources is becoming increasingly financially viable, as well as being well proven technology that contributes to reducing greenhouse gas emissions in many cities around the world. Yet in NSW we appear to be unable to overcome the obstruction that our energy regulatory framework has become. The National Energy Market (NEM) was established in a different energy era, when old fashioned centralised energy was the most efficient way to deliver power to consumers: it is a mechanism designed to sell electricity. Today, it is widely understood that we need to reduce our consumption of electricity derived from non-renewable sources that generate greenhouse gas emissions. Throughout Australia ordinary people are demonstrating that rooftop solar PV not only helps to reduce a household's emissions, but saves them money. Large solar farms are increasingly being developed, and wind farms are a significant contributor to electricity supplies. There is nothing stopping the development of decentralised energy precincts except an inappropriate regulatory framework. If the NEM cannot be adaptable enough to accommodate decentralised energy, then NSW must find a way to enable decentralisation.



For example, many organisations could benefit from Virtual Net Metering, whereby electricity generated but not consumed at one site can be off-set against consumption at another site. Some Councils have Depots with roofs that are suitable for substantial solar PV installations, but the depots do not themselves consume much electricity during the day, so a solar installation does not make financial sense. If the Council could generate electricity and feed it into the grid, and be given a credit for that electricity which they could off-set against their consumption at another site with higher day-time electricity demand (such as Council offices, libraries, childcare facilities, aquatic centres), saving rate-payers' money and reducing their carbon emissions. But such off-setting offers no value to the electricity industry, and so is not getting traction.

A recent rule change submission by the City of Sydney, Total Environment Centre and Property Council of Australia to the Australian Energy Market Commission (AEMC) put forward the concept of a Local Generation Network Credit, which would allocate a credit to the decentralised generator on the basis of the benefit to the network from non-use. This mechanism is also worthy of consideration, yet the AEMC process for changing rules seems to require very highly specialised expertise in the regulatory system – the AEMC has no capacity to work with a proponent on a rule change that makes good common-sense.

The NSW government has demonstrated its commitment to renewable energy in its NSW Renewable Energy Action Plan: SSROC urges the NSW government to further this commitment by supporting initiatives to increase the take-up of renewable energy by facilitating the establishment of renewable energy precincts, and their use short sections of existing electricity networks. This could be done by, for example, by establishing a mechanism for virtual private networks such as operate in London UK with a demonstrator site at the Bays Precinct, and by providing NEM expertise to support and enable the City of Sydney's proposed rule change.

4.1

Do you have suggestions regarding possible physical environments and spaces that could support greater innovation?

Optimise planning and community outcomes with an evidence based State-Council-Community collaborative partnership to effectively manage urban renewal and achieve a high standard of liveability for communities.

Urban development involves several stakeholders whose interests often compete against each other. On the other hand sustainability, liveability and quality of the urban environment are increasingly mainstream expected outcomes for cities globally. As Sydney embarks on urban intensification and densification, it is important to adopt and adapt locally responsive State-Council-Community collaborative arrangements and partnerships in urban renewal corridors and precincts.

SSROC foreshadowed this with their Memorandum of Understanding on district planning and urban intensification redevelopments and urban renewal precincts. The document articulates a set of principles, issues and considerations for collaborative partnerships to optimize liveability and community outcomes amidst urban intensification.

The innovation strategy comes at an important moment for urban renewal across Sydney. Projects at Barangaroo, the Bays precinct, the Central to Eveleigh



developments and the Sydenham to Bankstown plans present unprecedented opportunities for the future of the city, state and country. SSROC believes that a proportion of new office and retail spaces in the aforementioned and new development areas should be maintained for start up businesses and social enterprises in order to support innovation through essential in kind support. In addition to the benefits of supporting innovation the provision of these spaces at discounted rates would also create diverse retail and office spaces opening the potential for collaboration between small, medium and large enterprises and developing greater connections between businesses and their communities.

Harnessing the skills and expertise of culturally diverse professionals through state-local-industry partnerships on work experience, internships and cadetship programs.

The de-skilling of potentially large numbers of well-trained and educated migrants from culturally and linguistically diverse communities is a huge economic loss to NSW and Australia. This can be reversed.

The Nick Greiner Administration's Migrant Employment and Qualifications Strategy in NSW once supported a scheme that targeted professionals such as engineers, lawyers and accountants in a model that involved non-governmental organisations, local business/industry, local government and the state. A suite of models was contained in the package: Work Experience Model, Case Management Model, English for Specific Purposes, Pathways for Recognition of Qualifications. Initial pilot showed that close to 50% people who could potentially end up in odd jobs successfully gained employment in their fields of training.

A model to reverse de-skilling and harness skills and expertise migrant professionals can learn from the Greiner's Administration initiative and put in place more responsive model to address contemporary potential and work experience opportunities.

Pilot, enable and promote evidence based innovative and successful models for affordable housing

Access to housing is crucial to quality of life and to an individual's contribution to economic, cultural and social life of our community. Affordable housing models that could harness the potential of collaboration of state, local and non-government housing developers and providers are worth exploring and piloting. For example, state and local government requirements for inclusionary zoning in major development and renewal sites, targeted tax and stamp duty concessions; not-for-profit models for social and affordable housing development and management; could all be part of the solution. This could make a significant difference to the housing question in NSW.

5.1

How can the NSW Government do more with government data?

Better use of future forecasting based on likely trends in macroeconomics and markets of interest for Australia. The identification of a set of markets of high importance to Australia and of target for development and support.

Innovation in Waste Management

With the growth of Sydney and the urban intensification of particular areas such as the Sydenham-to-Bankstown and Parramatta Road corridors, comes substantial



increase in the waste that is generated. Furthermore, SSROC's regional waste audits from 1999 to the most recent in 2015 have clearly demonstrated that per capita waste generation is also increasing. Most transfer stations, where waste from garbage truck is compacted and contained for transport to a disposal facility, are already operating at or near capacity. NSW is rightly moving away from landfill disposal towards treatment option that increase recycling, yet the newest processing plant at Woodlawn (near Goulburn) will begin its operations next year already at capacity. NSW needs a more innovative approach to waste management.

Firstly, SSROC would urge that a far greater level of collaboration is required between the Department of Planning and Environment (DPE), the Greater Sydney Commission (GSC) and the NSW Environment Protection Authority (EPA). Councils recount many instances where buildings, particularly unit block and townhouses, as designed and built with inadequate provision of waste facilities or access for garbage trucks. Fundamentally, waste is a public health issue: if such design is allowed to continue unchecked, waste will once again become a human health hazard. Design SEPPs need to be updated to prevent such poor design, and introduce or at least encourage, the introduction new and better design for waste infrastructure.

Secondly, the GSC, and DPE before it, needs to be able to include the provision of waste infrastructure in its District Plan. While we understand that the EPA has completed an infrastructure needs assessment, it has not been published and does not seem to be available to DPE or GSC. SSROC understands that it does not go to the level of detail required to plan for waste infrastructure in areas of urban intensification. We therefore urge the NSW Government to fund the detailed analysis required to design into the growth corridors adequate waste management infrastructure.

Thirdly, increasing volumes of waste need to be treated and the resources therein fully exploited, with landfill used only as a last resort, in accordance with the waste hierarchy of NSW policy. SSROC would urge the NSW government to show leadership in field by funding or otherwise enabling the establishment of a demonstration energy from waste facility. There are many examples overseas of this technology being very effectively used, including in an urban setting. These facilities are carefully controlled so that they are not smelly or otherwise intrusive on their locality. Some are architecturally very impressive structures. They effectively and efficiently generate energy from a resource that would otherwise be landfilled.

5.2

Are there particular NSW Government datasets or information that you think should be prioritized for release?

The EPA's waste infrastructure needs assessment.
DPE/GSC Green Grid plans.

5.3

Are our current policies in relation to retaining data and Intellectual Property in the public Interest?

No comment



6.1

What do you see as the role of industry in supporting the development and retention of the skills needed for the future?

Industry has a significant and essential role, but it must also be supported through enabling a good environment for industry to thrive through Government regulations, policy and investment.

rainwater tanks or retrofitting grey water systems could be similarly incorporated into plumbing apprenticeships. Australia's climate marks it as a potential renewable energy powerhouse and the rapidly decreasing cost and improved efficiency of technology present an opportunity to be a centre of innovation and create new sustainable employment opportunities.

6.2

Are there skills gaps that need to be addressed in your business, industry or community group in NSW, and how could the NSW Government best assist in filling those gaps?

Government should offer businesses and industries much-reduced rates for the formal training of their personnel in vocational and skills based areas identified by the businesses.

Renewable Energy Apprenticeships

Renewable energy from solar, wind and other sources is a rapidly growing industry in need of qualified employees. The innovation strategy has the capacity to create lasting employment opportunities in the installation and maintenance of renewable energy assets such as solar pv and battery storage by developing training and apprenticeship schemes for young people. These could become part of traditional construction or building apprenticeships. Training on installing and maintaining

7.1

What are the challenges for citizens and businesses doing business with government?

Government should seek deeper and more meaningful consultation with communities on a multiple of issues that impact the future of the community. Community consultation and their beliefs should provide similar weighting to the agenda's of government and business so as to offer genuine buy in into policy and projects of government. Whilst this is not possible in all circumstances consultation should be meaningful and should be seen to be heard, not just a tick box approach to governance and consultation.

7.2

How can government make it easier for suppliers to do business with government?

In the case of SSROC, by making it a prescribed person (see 2.2) so that suppliers to member councils need not necessarily contract with individual councils.



7.3

What are the possible benefits of diversifying government procurement

Stronger supplier collaboration and internal department collaboration ensures an efficient procurement process.

Having the supplier know how the council's procurement-to-pay process operates allows the supplier to be efficient and effective towards the councils requirements, (for example: delivery times or ordering more/holding onto stock).

Likewise having similar departments knowing the process of each other, would give better understanding as to what's involved to obtaining and paying for goods (Operations, Managers, Purchasing, Procurement, Finance). This allows better response times, faster processing, better organisation, less errors, an understanding of budget, and a productive work environment. (For example, If two departments are buying the same product from two different suppliers wouldn't it be smarter to find out which supplier is the most cost effective to the Councils needs and bulk buy from the one?)

Having qualified procurement and purchasing personnel rather than "fill-ins". If this means personnel being trained and educated in this, then so be it. An online system that allows each department within council to actively input their data to obtain and pay for goods/service would streamline the process and allow for better control (for example: automatic emails could be sent requiring action, processes couldn't proceed without confirmation, and Accounts would be able to locate backing documents to support invoices).

8.2

How can NSW Government design services with the customers in mind?

This requires understanding of the needs of the community with regard to services. Customers typically want improvement in access, information of relevance, and efficiency of services and operation of Government. Services should be designed with these guiding principles in mind.

8.3

How do we appropriately encourage more risk-taking in the public sector?

The first aspect is for Governments to really understand what drives entrepreneurs and risk takers and what type of risk taking the Government, industry and business should be endorsing.

Calculated risk taking will occur where market inefficiencies may be exploited or where market opportunities exist for new product/service offerings. The latter houses a greater risk for risk takers than capitalizing on inefficiencies in, or disrupting an existing and proven market.

The Government in understanding both the personal and business risks taken, could develop programs to provide cheaper capital than entrepreneur's typical sources of start-up capital, equity capital and for larger business capital markets or other business investment.



This may be done through offering joint incentives through banking, or through business investment. In small business it may be limited time coverage of debt interest repayments or personal tax offsets.

Such programs will help risk-takers in early or growth stage Australian innovation companies overcome this often substantial hurdle of capitalizing their development or next growth level until it becomes profitable.

Simplified Government processes will also support growth through being less costly and less inhibitory.