

NSROC Submission

Inquiry into a New Regional Development Funding Program



July 2008

WHAT IS NSROC?

The Northern Sydney Regional Organisation of Councils (NSROC) is a voluntary organisation of local governments established to provide strong local government leadership; to work co-operatively for the benefit of the Northern Sydney region; and to effectively advocate on agreed regional positions and priorities. The councils under the NSROC umbrella are: Hornsby, Willoughby, North Sydney, Lane Cove, Ryde, Ku-ring-gai and Hunters Hill.

The NSROC councils are committed to the sustainable management of an area that covers nearly 700 square kilometres, and they serve a population of over half-a-million people. The region is home to a diverse collection of landscapes and communities, ranging from scenic waterways, bushland parks and areas of historical significance through to residential high-rise living and thriving commercial and retail centres.

PURPOSE OF THIS SUBMISSION

NSROC strongly endorses the Federal Government's approach to developing a new regional development program and the aligned creation of Infrastructure Australia, the Building Australia Fund, and the Major Cities Unit. Collectively these institutions and their aligned funding and policy programmes will help address infrastructure provision which is one of the most significant issues facing sustainability and liveability in Australia's region.

The purpose of this submission is to recommend that the new regional development funding program recognise the need for significant investment in community infrastructure within the broadest possible context in Australia. Research conducted by NSROC indicates that despite the NSROC region being one of comparative financial advantage, the provision of core community infrastructure remains hampered by systemic constraints placed upon local government (such as rate-pegging, the loss of development contributions and on-going cost shifting) and insufficient engagement at the State level due to budgetary constraints, poor planning, political indifference and a 'laissez-faire' attitude to community sustainability.

Specifically NSROC recommends that the definition of a region be interpreted broadly and not confined simply to remote communities. Much work and considerable investment needs to be targeted across all areas in Australia and this includes urban areas as well as rural areas irrespective of eligibility for other programs. The vast majority of Australians live in urban areas and their infrastructure needs are acute, especially those areas experiencing on-going population growth.

The new programme could provide one of the few mechanisms for the Federal Government to directly fund regional and local communities and supporting sustainable community capacity building, which is an integral component of the future of our nation.

Whilst needs across regions may be different, there remains a broad suite of tools already available to address issues associated with remoteness and the Federal Government already has multiple access points to address that specific issue. NSROC also recommends that community infrastructure should be interpreted broadly as those public assets which are necessary to maintain a viable, sustainable, and prosperous community.

THE NEED FOR COMMUNITY INFRASTRUCTURE IN THE NSROC REGION

In response to the evident community infrastructure constraints within the region NSROC commissioned a series of reports in 2004/05 to examine the issue of long term sustainability within the context of significant population growth. The three resulting reports provide a robust analysis for examining infrastructure provision at a range of scales, and when considered in combination with the work done by the State Government in developing the Metropolitan Strategy, the State Infrastructure Strategy and the State Plan, they foreshadow a significant gap in what is needed to maintain the economic and social viability of the region. The three reports are:

1. The Economic Contribution of the NSROC Region (Centre for International Economics, December 2004)
2. NSROC Regional Social Report (Le Bransky, October 2005)
3. The Environmental Impacts of Population Growth on the NSROC Region (Noonan, October 2005)

(These reports can be viewed at www.nsroc.org.au)

The economic analysis undertaken by NSROC indicates that the NSROC region is a highly productive region, producing a significant proportion of the output from Sydney and gross state product (GSP) for New South Wales. The NSROC region is estimated to contribute approximately 16 per cent of Sydney's GRP (of \$208 billion), 11 per cent of New South Wales' estimated GSP (of \$283 billion) and 4 per cent of national output or gross domestic product (GDP) (of \$787 billion) (Centre for International Economics 2004).

The New South Wales Government has identified its Metropolitan Strategy as the guiding document for the development of the NSROC region over the next 25 years. The Strategy's growth projections in the NSROC region reflect the existing constraints to urban consolidation in the area. The Strategy suggests that in the 30-year period from 2001-2031, the NSROC region will need to absorb between 30,000 and 45,000 additional dwellings.

It is well known that infrastructure capacity is a limiting factor on urban consolidation and population growth. Increased population in the NSROC will place continuing pressure on existing physical infrastructure such as roads, water, open space and utilities.

However, it is also going to generate pressure on those important aspects of community infrastructure that service community capacity building and social sustainability such as childcare centres, libraries, sportsfields, civic buildings, community centres, schools and regional health centres.

The NSW Council of Social Services (NCOSS) has been critical of the Metropolitan Strategy for its failure to address the issue of human services planning and social equity issues in general. While the NSROC region has scope for further urban consolidation, the NSROC councils are concerned about the potential impact of absorbing an increased population on local amenity, economic prosperity and human services infrastructure.

NSROC has initiated and recently adopted its own NSROC Northern Sydney Sub-regional Planning Strategy for the period 2004 – 2031. This Strategy identifies key infrastructure requirements and regional planning policies. This document has been exhibited by the NSROC councils and adopted by the NSROC Board and can be viewed at www.nsroc.org.

Projected Population Growth NSROC Region 2004-2034

	2004	2013	2022	2034
Hornsby	157,407	169,905	181,502	194,042
Hunters Hill	13,637	14,125	14,502	15,462
Ku-ring-gai	109,190	113,637	117,634	126,262
Lane Cove	32,436	33,721	34,932	37,488
North Sydney	60,292	64,913	69,326	73,934
Ryde	100,317	104,026	107,278	111,886
Willoughby	64,473	72,916	81,673	90,133
Total	537,752	573,243	606,847	649,207

PREVIOUS EXPERIENCE WITH THE REGIONAL PARTNERSHIPS PROGRAMME

NSROC has had some involvement with the previous Regional Partnerships Programme. The Executive Director of NSROC and the General Manager of Hunters Hill Council (and Chair of the NSROC General Managers Group) represented the region on both the Northern GROW sub-committee and the GROW Board respectively (GROW is the Area Consultative Committee for Sydney).

However significant frustration was experienced in the previous arrangements due to the changing priorities of the programme, the delays in receiving responses on the funding of projects, and the low success rate of project funding for projects within the region. For this reason the Northern Grow sub-committee was abandoned and NSROC and its constituent councils have played almost no role in the programme in recent times.

WHAT SHOULD THE OVERARCHING PURPOSE AND OBJECTIVES OF THE NEW PROGRAMME BE?

NSROC believes that the objectives of the new programme should reflect the broad approach to sustainability that is being pursued at all levels of government. That is it should provide opportunities to enhance the economic, social, environmental and governance opportunities within regions to ensure those regions and their communities prosper in a way that can be sustained over the longer term.

Specifically the Programme should focus on those areas which are experiencing significant population growth, growth in economic activity or which have a significant community infrastructure backlog. Whilst NSROC concedes it is not an area of economic disadvantage, it is a region experiencing significant population growth and more importantly it is a major component of the economic engine that drives both the state and the nation's economy. To overlook investment in the NSROC region is to imperil the region's provision of investment, capital growth and employment opportunities, which provide significant benefits outside the region.

IDENTIFYING GAPS IN COMMUNITY INFRASTRUCTURE

The NSROC councils have significant concerns regarding the provision of community infrastructure within the region and are conscious of both a backlog of infrastructure that needs to be built as well as a range of financial impediments to building new infrastructure. The issue of local government resourcing in New South Wales has been well documented, most recently in the Independent Inquiry into the Financial Sustainability of NSW Local Government (LGSA 2006) and the Productivity Commission's Assessment of Local Government Revenue Raising Capacity (2007).

However as there has been nothing done to provide new resource streams to local government, the anticipated population and employment growth within the region require that the infrastructure needs of the area be identified and addressed if liveability and efficiency objectives are to be realised in a manner consistent with the principles of ecologically sustainable development. Significant concern remains regarding the scale and timing of infrastructure delivery as identified within State Infrastructure Plan and the on-going reluctance of the state government to commit to infrastructure delivery beyond the ten-year time frame of the State Infrastructure Strategy.

While generally these concerns relate to 'hard' infrastructure the important contribution and role that this infrastructure has in servicing and supporting 'soft' or community and social infrastructure cannot be underestimated.

Specifically NSROC can assert the following regarding the demographic changes in the region and their implications on the current and future provision of community infrastructure within the region.

General

- The NSROC region can expect a total population gain over the 30 years from 2004 to 2034 of 122,500 persons. The growth trajectory will be steady at around 0.7 percent each year, but will not be uniform across the NSROC region. The highest levels of growth are expected in the Willoughby, Hornsby and North Sydney LGAs while the lowest growth is expected in Hunters Hill and Ryde.
- Population ageing will be one of the most significant influences on the demand and supply of social services. However, the LGAs in the NSROC region will not experience population ageing at the same rate and scale. Willoughby will experience the least impact of an ageing population and the elderly to child ratio will not be significantly altered in that LGA for at least 18 years.
- The current housing stock is a key determinant of the social and age composition of each LGA in the NSROC region. It is likely that a change in the mix of housing options will increase the diversity of the community in terms of age, household type and socio-economic standing.
- Local Councils within the NSROC region share similar values, concerns and challenges. These include a strong desire to maintain a sense of community and local identity, the physical environment and amenity of the region, while at the same time unlocking the region's potential for economic growth.
- A number of common, current issues for NSROC Councils emerged in the review of documents that are likely to be exacerbated by the effects of the Metropolitan Strategy. These are:
 - increases in the proportion of older Australians in the community;

- shortages of child care places;
- inadequacy of provision for young people;
- ageing and obsolete community facilities;
- affordability of housing;
- critical shortages of key workers, and
- poor intra-regional public transport access.

Aging

- Local governance changes due to the expected reduction in Councils' revenue and rate base (from increased rate rebates, charges supplements and rate deferrals) and an ageing workforce and population within NSROC Councils.
- The need to develop and maintain 'age-friendly' infrastructure and public domains. Particular considerations include maintaining footpaths, improved street lighting, lowering kerb heights, widening footpaths to accommodate additional numbers of mobility scooters, and addressing pedestrian safety.
- The need to address housing choices for older people to achieve a better match between the housing occupied by older people and their housing need.
- Potentially catastrophic shortages of HACC services in all NSROC LGAs.
- A declining pool of voluntary labour and increasing numbers of older people living in private dwellings needing care, but without a primary carer.
- Increased demand for modifications to transport services in terms of physical access, service frequency and coverage, and if these requirements are not met, increased pressure on community transport services to fill the gaps.

Childcare Needs

- There are significant current shortages in all forms of childcare, most notably long day care. At present only 18.8 per cent of the population of 0-5 year olds (34,324) in the NSROC region have access to formal child care in either long day or family day care options.
- Throughout the NSROC region, growth in the number of long day care places over time has been achieved through private sector provision. However, private providers have not met demand in the 0-2 years age cohort where demand is highest. This is due to the higher staff/child ratios that make provision less profitable.
- In addition to shortages of child care places, the region is affected by a critical shortage of skilled child care workers.
- The likely future scenario is that demand for new child care places will slow in all NSROC LGAs except for Willoughby, where the numbers of children and young people are expected to continue rising, but not at the same rate as other age groups.
- Despite a reduction in the number of 0-5 year olds in the population, there will continue to be supply gaps. The extent of unmet demand is dependent on the degree to which current supply gaps are met by private providers and the completion of planned, new community-based centres in NSROC LGAs.

Youth Needs

- The decline in the proportion of young people in the population should not be construed as a reduction in demand for youth services and facilities. This is because the absolute number of younger people is set to increase from 2001 levels in most areas.
- The main service demands from young people are for additional recreational activities, 'youth friendly' spaces and enhanced library facilities, and addressing current critical shortages in services for young people with special needs.
- A change in the socio-economic profile of the region brought about by the Metropolitan Strategy may increase utilisation of public schools in the region. This will put additional pressure on a system that is already strained. However, the new population of children and young people will not be at a level that is likely to generate demands for new schools to be built.
- Based on a commonly applied benchmark of one major youth centre for every 20,000 residents, the NSROC may require 30 youth centres by 2031. However, this approach presupposes a service model that may not be best suited to young peoples' needs and does not take into account a more flexible usage of existing and new facilities.
- Gaps in health and welfare services for young people have reached a critical level in the NSROC region. The scarcity of services is largely attributable to Government policies which direct the bulk of funding to areas with high need. Given the overall prosperity of the region, young people who need assistance tend to miss out on necessary services.
- While the inflow of new population is not expected to have a huge impact on the overall levels of demand for youth services, there is already stress of the system. If unchecked, existing youth problems are likely to worsen and have a flow on effect to the rest of community.

Community Facilities

- Cost shifting by other spheres of government and more than 20 years of rate pegging have exacerbated the problem of capital works funding.
- Community facilities in many parts of the NSROC region are ageing and require costly upgrades or replacement to meet the requirements of modern service provision.
- The need to upgrade and expand library buildings has been emerging for some time and has begun to be addressed by NSROC Councils. New libraries are planned in Chatswood, Ku-ring-gai (site TBC), West Ryde and Ryde. An extension is planned for Lane Cove Library. A rising trend is to incorporate library facilities within multi-purpose community centres with the capacity to accommodate a range of existing and new uses. Demographic change will significantly increase demand for library services.
- At a rate of provision suggested by Library Council of NSW benchmarks (9 sq m per 1000 people), the estimated 2031 population of 660,652 persons for the NSROC region will require approximately 6,000 square metres of library space. Assuming that 50 per cent will be newly built, building and fit-out costs (calculated at \$2,500 per

- Councils will need to increase the availability of community centre space in order to meet the needs of the current and incoming population. According to the commonly used standard of one community centre of at least 750 to 1000 square metres per 10,000 to 20,000 residents, there is a shortfall of between five and 38 centres depending on how the benchmark is applied. The cost of meeting this need is significant, ranging from \$9.375 million to \$95 million at the upper end of the estimate.
- Current demand for outdoor sporting facilities in most parts of the NSROC region exceeds supply during in peak playing periods such as Saturdays. The expected population increase will exacerbate current supply problems. There is limited opportunity for future development of new outdoor sporting facilities within the NSROC region. This is due to existing urban development, prohibitive costs of purchasing new sites, topography, adjacent bushland and natural areas.
- To meet the needs of the current and incoming population, NSROC Councils will need to better plan and design parks and open spaces as social venues and meeting places. The main requirements are to:
 - enhance existing facilities to improve the general amenity, including toilet facilities, seating, shade and playground equipment;
 - improve safety and utilisation of parks and sporting facilities with upgraded lighting;
 - provide more picnic and barbecue facilities to suit couples and families living in apartments, and increasing numbers of residents from Culturally and Linguistically Diverse backgrounds;
 - provide non-traditional sporting facilities such as skate board ramps, off-road cycle tracks and BMX tracks for children and young people;
 - improve access for people with disabilities to and within outdoor recreational areas, and
 - improve safety of cycle and pedestrian links between housing areas and parks.
- Additional population strengthens the justification for the development of major new cultural facilities sought in a number of NSROC communities but is unlikely to affect the scale of provision requirement. There are currently three facilities, two in Chatswood and one in Ryde. Based on the commonly used benchmark of one cultural music/drama facility per 50,000 to 100,000, this would mean that the current goal of one major cultural facility in most of the NSROC LGAs is realistic for the incoming population. It should be noted that while several NSROC Councils including Hornsby and Lane Cove have begun to address the issue, there are no concrete plans in place in either locality.
- Community infrastructure is also likely to involve projects smaller in scale than major national or state-level infrastructure projects (eg, major railways or motorways), though the institutional framework established for the RFP could also be used to provide input to other programs targeted to these areas.
- There are significant gaps in community infrastructure funding, particularly in NSW where councils are constrained by rate-pegging. Other sources of funding such as developer contributions have not been sufficient to meet the demand for this

infrastructure especially in new release areas and those undergoing significant redevelopment.

A NEW REGIONAL MODEL FOR PROGRAMME DELIVERY

The Inquiry into the Regional Partnerships programme identified significant flaws in the administration, assessment, identification and funding of projects under the previous programme delivery model. Whilst NSROC contends that funding should not be made available to private enterprises or for-profit enterprises, it is clear that a significant overhaul of the system is required if the new programme is to be successful.

Specifically the new programme needs to have the following elements to ensure it fulfils transparency and probity requirements, is adequately responsive and flexible to applicants' needs, and also provides a mechanism to prioritise and evaluate projects within a regional context:

1. A clear set of funding priorities and definitions of applicability;
2. A process which is clearly quarantined from the electoral cycle and partisan political interests;
3. A minimum funding threshold to remove time-consuming minor projects;
4. An ability for local or regional consultative bodies to directly fund projects up to a certain threshold without requiring sign-off from Canberra;
5. A maximum of a 3 month turnaround from project submission to a response;
6. Reporting requirements that are commensurate with funding allocation but which are not overly arduous;
7. Assistance for new applicants or under-resourced applicants to prepare an application;
8. An evaluative methodology that recognises both quantitative and qualitative outcomes;
9. A flexible approach to co-contributions; and
10. A recognition that some projects will fail because they are attempting innovative approaches.

NSROC is strongly of the view that Regional Organisations of Councils (ROCs) have a role to play in the new programme, specifically within the Sydney Metropolitan context where they are long standing, important and recognised component of the political landscape. Specifically ROCs have a mandate to develop policy and effect service delivery on a regional scale and all ROCs manage a suite of projects which target regional outcomes.

NSROC believes that, at least in Sydney, ROCs can provide a ready mechanism for identifying and prioritising projects and their involvement will directly minimise administrative costs and duplication for taxpayers. Being a creature of local government and comprised of individual councils, ROCs are subject to the same governance mechanisms, financial controls and regulatory requirements that guide local government. Specifically ROCs offer a mechanism which combines elected officials with trained bureaucrats and they have a broad brief to address community needs and consider community infrastructure requirements now and into the future. ROCs do this as a matter of core business; with no pecuniary interest or profit motive in mind.

It is therefore NSROC's recommendation that the new programme, in so far as it applies to Sydney, can take advantage of the existence of ROCs to provide strategic advice on project and funding priorities, to generate new projects and even to manage projects directly when the appropriate probity requirements and resource provisions are met. NSROC would welcome the opportunity to have more direct discussions regarding an appropriate regional model should the opportunity permit.