

Executive Summary

Communities need infrastructure to function properly. The greatest need for infrastructure is generally linked to areas where population is concentrated or increasing.

Over the past decade there has been a significant growth of population in the coastal areas of NSW. This change has been titled the “seachange” and reflects a general trend of movement by aged and retired people but also family groups from metropolitan to coastal areas. Seachange is a national phenomenon, evident in every State, but New South Wales seachange is the most significant in Australia.

This inquiry recommends improvements to the NSW Government’s Regional Strategy framework being developed by the Department of Planning. The Committee believes that the NSW Government’s move to Regional Strategies has the potential to improve infrastructure planning and delivery in coastal areas. However the Committee sees that the current policy framework around the Strategies does not enforce compliance. Hence the Committee recommends a framework of ongoing scrutiny and reporting on the Strategies via the creation of a Coastal Cabinet Sub-Committee [Coastal CSC] and a Regional Report Card discipline. The Committee believes that the establishment of these adjuncts to the Regional Strategies gives greater certainty to communities to plan their lives and activities.

The Committee has observed that population growth in coastal areas is not uniform. There are different demographic groups in particular areas, such as concentrations of aged residents or young families. Communities will have different infrastructure requirements depending on these compositions. Generally, the arrival of metropolitan or urban “seachangers” to a coastal community brings with it a higher expectation of infrastructure and service levels. The issue for governments is to determine if these infrastructure expectations are reasonable and affordable for the general community. Another issue for governments is to manage the tensions between providing adequate infrastructure and retaining the natural environment and amenity of the coast.

This inquiry provides a snapshot of current concerns arising from population growth and highlights the ramifications for infrastructure provision. The Committee notes that it cannot be assumed that the current infrastructure is sufficient for the existing residents of coastal areas. The surge of new “seachange” residents has not induced a new problem but exacerbated the pre-existing problem of infrastructure deficiencies.

The overarching problem is that infrastructure demand or expectations are greater than the infrastructure provided. Moreover, under current planning and funding arrangements, the capacity to maintain, upgrade and add new infrastructure appears limited. While some particular problems with the provision of physical, human services, community and green infrastructure have been canvassed in this report, the Committee has not attempted to nominate particular infrastructure types or particular coastal areas that need attention. This is because the fundamental problem of inadequate auditing of coastal infrastructure is yet to be resolved.

Standing Committee on Public Works Inquiry into Infrastructure Provision in Coastal Growth Areas

The Committee sees the key weaknesses in the current arrangements for coastal infrastructure management as:

- Gaps in the assessment of specific infrastructure needs and actual shortfall in infrastructure - discussed in Chapter 3;
- Lack of discrete infrastructure goals or measurement of their delivery. This is because of uncertainty about long term funding sources and the financial base of councils - described in Chapter 4;
- Too many plans and strategies and a lack of understanding of the hierarchy of plans. The planning of various elements of coastal infrastructure is fragmented and overly complex - described in Chapter 5; and,
- The absence of a NSW policy emphasis on coastal growth issues in comparison with other jurisdictions and best practice suggestions. These are detailed in Chapter 6 along with the Committee's recommendations.

New Coastal Management Policy Framework

The Committee sees that the management of seachange and infrastructure pressures in coastal NSW can be best achieved through clearer prescription of goals for coastal development and accountability for meeting those goals. Consequently the Committee proposes four key recommendations to establish a new Coastal Management Policy framework.

Firstly, the Committee recommends the linking of the new Regional Strategies, currently being prepared by the NSW Department of Planning, with the accountability mechanism of a Coastal Cabinet Sub-Committee (CSC). Furthermore, the Committee recommends public reporting by this Coastal CSC on the progress of targets in each regional plan through an annual Regional Report Card.

The Coastal CSC would consist of key infrastructure, financing and environmental Ministers, chaired by the Minister for Planning. The basis for the Coastal CSC is recognition of the unique service needs, infrastructure and environmental challenges created by the rising population in coastal areas in NSW.

The primary task of the CSC would be to consider reports on progress against Regional Strategies developed for the six key coastal areas in NSW. These reports would identify if key infrastructure projects were being delivered within the targeted timeframes. The reports would be published as Regional Report Cards. The Report Cards would include data on environmental, economic and community service indicators and be linked back to benchmarks set out in the Regional Strategies. The CSC would analyse results against the Strategies' targets and facilitate progress where required. Where needed, the CSC may recommend variations to the Strategies to accommodate changing circumstances. **(RECOMMENDATION 1)**

Secondly, the Committee has examined concerns about previous regional planning approaches and looked at new planning approaches in other jurisdictions, in particular Queensland and Victoria. The Committee proposes that the Regional

Standing Committee on Public Works
Inquiry into Infrastructure Provision in Coastal Growth Areas

Strategies contain key components, which it believes will enhance the value of the strategies. **(RECOMMENDATION 2)** These components include:

- Statement of long term vision and values for the coast and each coastal regional area;
- Identified infrastructure projects to be delivered in specific timeframes;
- Nominated and focused areas for coastal growth;
- Set benchmarks and targets for coastal amenity;
- Defined links between Regional Strategies and other strategies, agencies and planning tools;
- Alignment of coastal planning boundaries.

Thirdly, the Committee believes that Regional Strategies should aim to have each region self sufficient in terms of its economy and employment base. The Committee believes that generating local employment within regions will deliver environmental and social benefits and should be a long term goal for each regional strategy. **(RECOMMENDATION 3)**

The final element to the new policy framework is the creation of annual Regional Report Cards that are prepared by the CSC to report against goals set out in each Regional Strategy. The Report Card would have categories of indicators such as health services, environmental attributes and infrastructure condition. A score is given for each category. Over time the inclusion of new data and categories could be expanded upon. **(RECOMMENDATION 4)**

The Committee believes that the combination of monitoring by the Cabinet Sub Committee and public accountability imposed via the Regional Report Card will make the Regional Strategies a far more effective tool than previous Strategies. The continued scrutiny and revision imposed by this process will make it far less likely that the plans will diminish in currency or deviate from the State Government's priority.

Other recommendations

To complement this new policy framework the Committee has also made some specific recommendations (Recommendations 5-9).

The Committee believes that infrastructure auditing is critical. Without this first step, coordinated decision making at local, state and federal levels will continue to be stymied due to debates about measurement of infrastructure problems and hence priorities for infrastructure provision. A common audit of coastal infrastructure will enable a clear hierarchy of priorities to be established that can form the basis of projects to be put into the coastal Regional Strategies.

As noted in Chapter 3, the NSW Government has indicated that infrastructure audits are being conducted in coastal regions. The Committee considers that audits are the most critical task to underpin the entire planning framework and they must be resourced and fast-tracked to enable the other components of coastal planning to be successful. Furthermore, the audits by the Department should be reconciled with other infrastructure audit processes undertaken by key organisations. **(RECOMMENDATION 5)**

Standing Committee on Public Works Inquiry into Infrastructure Provision in Coastal Growth Areas

In Chapter 4, the Committee examines funding arrangements for infrastructure provision. The Committee sees that, without funding reform, there are likely to be councils facing continual shortfalls in revenues against their increasing infrastructure responsibilities.

The Committee notes the recently announced Local Government and Shires Association “Independent Inquiry into Financial Sustainability of Local Government”. The Committee considers that a State Government explore funding issues, subsequent to the outcomes of the Independent Inquiry, should be undertaken with particular emphasis on coastal growth areas. **(RECOMMENDATION 6)**

In Chapter 5 the Committee outlines the application of both the existing planning system and the reformed planning system to coastal infrastructure planning. The Chapter highlights the complexity of the existing system and the arguments for reform.

The Committee recognises that the planning reforms will result in a more efficient system for both State and Local Governments, industry and the general public. The Committee believes, however, that the interim arrangements are not satisfactory.

The Committee is of the view that greater resources need to be committed to the development of the Regional Strategies to expedite their completion and implementation. It is also of the view that the process of implementing the standard template for LEPs should be expedited with priority given to councils in high coastal growth areas. Where appropriate, the Planning Reform Funds should be increased to assist councils to meet the shorter timeframes than the current 5 year timeline. **(RECOMMENDATION 7)**

The Committee recognises that the recent amendments to developer contribution arrangements (under Section 94 of the EP&A Act) have resulted in greater flexibility and choice for local councils and developers. Contribution Plans under the new arrangements allow for the parties to agree on one of the following: the traditional arrangement, a voluntary agreement or a levy of a flat rate of 1%.

However the Committee is of the view that even greater flexibility should be available to councils with regard to Section 94 contributions. The Committee considers that to assist those rural and semi-rural coastal councils now experiencing rapid growth and consequent infrastructure pressures, the option of increasing Contribution Plan levies should be available. This is particularly the case where rates were capped on a low base, such as in some farming communities in the coastal zone. Accordingly, the Committee believes that these councils should be able to set the levies for Section 94 contributions at higher levels depending on relative need. **(RECOMMENDATION 8)**

The Committee notes that the planning reform process lacks transparency and this is particularly disadvantageous to members of the public who may wish or need to navigate the system. The Committee is of the view that information explaining the current arrangements and the planning reforms should be clearer. **(RECOMMENDATION 9)**

Recommendations

RECOMMENDATION 1 Coastal Cabinet Sub Committee (CSC) - The Committee recommends that the NSW Government establish a Coastal Cabinet Sub-Committee. The basis for the Cabinet Sub-Committee is recognition of the unique service and infrastructure needs and environmental challenges posed by the rising population in coastal areas of NSW. The Coastal Cabinet Sub-Committee would consist of key infrastructure and financing Ministers and the Minister for Local Government. The Coastal Sub-Committee would be chaired by the Minister for Planning. The primary tasks for the Sub Committee would be to consider progress against infrastructure targets set by coastal Regional Strategies. An annual Regional Report Card would be produced for each region that notes performance against targets and grades coastal regions according to key indicators of amenity.

RECOMMENDATION 2 Regional Strategies - The NSW Department of Planning is currently preparing coastal Regional Strategies. These Strategies are designed to canvass anticipated needs for services, infrastructure and the environment based on demographic change and other factors. On the basis of issues raised in this inquiry and to enable Regional Report Cards to be generated from the Strategies, the Committee recommends the following components be included in the Regional Strategies:

- Statement of long term vision and values for the coast and each coastal regional area;
- Identified infrastructure projects to be delivered in specific timeframes;
- Nominated and focused areas for coastal growth;
- Set benchmarks and targets for coastal amenity;
- Defined links between Regional Strategies and other strategies, agencies and planning tools;
- Alignment of coastal planning boundaries.

RECOMMENDATION 3 Sustainable Regional Economies - The Committee recommends that a long term goal for all coastal regions be self sufficiency in terms of its economic and employment base.

RECOMMENDATION 4 Regional Report Cards - The Committee recommends that the Cabinet Sub Committee release an annual Regional Report Card for each region based on the infrastructure projects and indicators noted in the specific Regional Strategy.

RECOMMENDATION 5 Infrastructure Audits – The Committee recommends that the NSW Government fast track and resource the completion of coastal infrastructure audits to a common, nationally agreed methodology. The results of the audits should be integrated into the formation of the Department of Planning’s Regional Strategies and be used to assist the ranking of priority infrastructure projects.

RECOMMENDATION 6 Review of local government funding – The Committee recommends that the NSW Government, led by the Department of Local Government, undertake a review of funding options faced by coastal councils including consideration of:

- debt attitudes and borrowing capacity for local government;
- the current impacts of rate pegging;
- the impact of pensioner rebates on rate revenue;
- the effectiveness of new development contribution reforms;
- options for new fees and charges; and
- impacts of increased local government responsibilities.

RECOMMENDATION 7 Resourcing of Strategies – The Committee recommends that the NSW Government fast tracks and resources the planning reforms by increasing the planning reform funds to ensure that Regional Strategies are operational sooner and standard LEPs generated in less than the current 5 year timeframe.

RECOMMENDATION 8 Section 94 contributions – The Committee recommends that Section 94 Contribution Plans' flat rate of 1% be variable to allow coastal growth councils, which can demonstrate they are experiencing higher than average growth to set levies of a higher rate. Such variations should require approval by the Minister for Local Government.

RECOMMENDATION 9 Public Information – The Committee recommends that the Department of Planning provide clear and transparent information on the current planning system in New South Wales and the impact of the planning reforms as they become operational.