

Submission  
No 76

## INQUIRY INTO THE DEVELOPMENT OF ARTS AND CULTURAL INFRASTRUCTURE OUTSIDE THE SYDNEY CBD

Organisation: Local Government Association of NSW and the Shires  
Association of NSW

Name: Mr Noel Baum

Position: Acting Assistant Secretary General

Telephone: 02 9242 4000

Date Received: 16/09/2008

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Our ref: R08/0033 Out-16436  
Further contact: Christopher Hudson

15 September 2008

Ms Catherine Watson  
Committee Manager  
Public Works Committee  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

RECEIVED  
16/9/08

Dear Ms Watson

**Legislative Assembly of New South Wales Public Works Committee  
Inquiry into the Development of Arts and Cultural Infrastructure Outside the Sydney CBD**

The Local Government Association of NSW and the Shires Association of NSW welcome the opportunity to comment upon the Inquiry. The Committee is to be congratulated for opening the Inquiry. For many years the Associations have heard significant concerns expressed by our member councils about the inequity of arts and cultural infrastructure availability outside the Sydney CBD.

A copy of our detailed draft submission is attached. Please note that the submission remains draft until it is considered by our Executive Committees. I shall let you know if anything changes as a result of the Executives deliberations.

For any questions, please contact Christopher Hudson, Policy Officer, Cultural Development on 9242 4207.

Yours sincerely

  
Noel Baum  
Acting Assistant Secretary General



## **Draft Submission to the Inquiry into the Development of Arts and Cultural Infrastructure Outside the Sydney CBD**

### **Executive Summary**

The Local Government Association of NSW and Shires Association of NSW (the Associations or LGSA) are the peak bodies for NSW Local Government.

The Associations are delighted to have the opportunity to respond to the Public Works Committee of the Legislative Assembly of NSW Inquiry into the Development of Arts and Cultural Infrastructure Outside the Sydney CBD.

State Government investment in arts and culture through Local Government provides expanding returns. These investments catalyse council and community participation. To significantly enhance State Government investments, six recommendations are set out in this submission. The recommendations are:

1. That the State Government place local artists and local creative activities centrally in arts and cultural infrastructure planning and policy and that implementation be conducted in close collaboration with Local Government
2. That the State Government create funding to expand Aboriginal arts development through Local Government
3. That the State Government create a new and distinct Local Government Partnership Fund, with multi-year and recurrent agreements, which will enable councils to deliver State Plan priority E8 cultural outcomes to local communities
4. That the State Government create and maintain comprehensive information relevant to planning for new arts-specific capital infrastructure, to assist the building of relevant and appropriate facilities and coordination between sectors
5. That the State Government review the content and implementation of the Principles for regional programs by State Government cultural institutions to strengthen fair and equitable access to cultural experiences across NSW
6. That a range of incentives and pathways for collaboration between multiple agencies be central to arts and cultural infrastructure development in NSW.

## **About the Associations**

The Local Government Association of NSW and Shires Association of NSW (the Associations or LGSA) are the peak bodies for NSW Local Government. Together, the Local Government Association and the Shires Association represent all the 152 NSW general-purpose councils, the special-purpose county councils and the regions of the NSW Aboriginal Land Council. The mission of the Associations is to be credible, professional organisations representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, the Associations represent the views of councils to NSW and Australian Governments; provide industrial relations and specialist services to councils and promote Local Government to the community and the media.

## **Terms of Reference**

The LGSA understands that the Public Works Committee of the Legislative Assembly of New South Wales will inquire into and report on the Development of Arts and Cultural Infrastructure Outside the Sydney CBD and is examining:

1. Issues of public and private funding and allocation of resources;
2. Suitability of public infrastructure for arts and cultural life;
3. The desirability of locating cultural facilities in close proximity to create hubs;
4. Accessibility of cultural and arts education;
5. Economic impacts on communities;
6. The adequacy of the NSW State Plan and desirability of a cultural plan for the state to maximise diversity of access, with reference to the Tourism Masterplan and other relevant planning strategies;
7. Any other relevant matters.

Further, the LGSA acknowledges that the Inquiry has used the following thirteen Issues and Discussion Points, as prompts to assist the Inquiry:

- Past, present and future funding patterns for cultural infrastructure, venues, production and promotion in NSW, particularly in areas outside of the Sydney metropolitan region.
- Funding options for arts or cultural infrastructure.
- Arrangements that are in place to ensure an equitable spread of arts funding across regional and rural NSW.
- Fair and equitable access to cultural infrastructure for all people living in NSW.
- Plans or current structures/arrangements for funding large scale arts and cultural infrastructure development outside of the big seven institutions based in the Sydney CBD.
- Implications for the availability and priority of cultural infrastructure funding in relation to the Metropolitan Strategy and regional strategies.
- Outcomes from the Western Sydney Arts Strategy, and possibility of plans to replicate the Western Sydney Arts Strategy in other regions.
- Existence of any audit of the cultural venues or cultural infrastructure that exists in NSW outside of the Sydney CBD and Metropolitan area.
- Mechanisms and support that are in place to ensure the importance of art and culture in the lives of people and the development of local identity to be taken into account when planning new regional centres and undertaking urban consolidation.
- Support through Arts NSW for local councils to undertake integrated cultural planning/planning for cultural infrastructure.
- Effectiveness of Cultural Accords – partnerships with local government, which encourage local councils to invest in the Arts and to develop cultural life in local government areas.
- Federal funding availability to local councils either directly or through Arts NSW.
- Role of private sector funding, sponsorships or trusts for regional arts and cultural funding and infrastructure (or for arts and cultural funding and infrastructure outside of the Sydney CBD/Metropolitan area).

Whilst this submission addresses the majority of the topics and issues above, it has not been structured around them. Relevance to each of the seven terms of reference and the thirteen Issues / Discussion Point prompts is specified throughout the submission.

## Introduction

LGSA have a long history of working closely and effectively with NSW Government to develop arts and culture, strengthened by the series of Cultural Accords.

Councils in NSW undertake a wide spectrum of cultural development activity, including:

- Cultural planning
- Community cultural development
- Cultural services such as planning, development, delivery and/or support of the performing and visual arts, art galleries, performing arts centres, museums, other cultural facilities, public art, community arts, festivals, celebrations, new media and digital arts

A 2005 survey of NSW councils by the LGSA showed that councils provide 34 galleries, 40 museums and 25 performing art centres and employ 67 full time, 29 part time and 10 casual cultural staff. (Relating to Issue / Discussion dot point eight). The Australian Bureau of Statistics (ABS) found that in 2006-2007 NSW councils spent \$57.93 per person funding arts and culture, up from \$49.61 the previous year and more than the 2006-2007 Australian average Local Government funding per person of \$51.98. Nationally per person, Local Government was the only sphere of government to increase funding in 2006-2007 from 2005-2006.<sup>1</sup>

Despite these important investments, the financial capacity for Local Government to effectively provide community infrastructure in general, including arts and cultural infrastructure, has been severely eroded. The case for increased support for Local Government infrastructure has been effectively and convincingly made on numerous occasions. Examples include the *National Financial Sustainability Study of Local Government*<sup>2</sup> and the *Independent Report into the Financial Sustainability of Local Government in NSW*<sup>3</sup>. More recently the 2006/2007 financial sustainability reports on NSW councils, undertaken by FiscalStar<sup>4</sup>, reiterate the dire financial circumstances of some councils.

Financial constraints on Local Government infrastructure overall impact on arts specific buildings such as libraries, galleries, museums and performing arts centres. The detrimental effect for local arts expressions is magnified when the extensive arts use of other council facilities is accounted for. This includes traditional activities such as dance in local halls and art in child care centres, as well as newer cultural endeavours like digital media production in youth and community centres.

The wide-ranging scope of material supplied by the Committee, including the new advice of the development of an arts and cultural plan for NSW, has led to a recommendation for a conceptual shift in how governments provide for arts and cultural development.

Writing on the nature of culture, and reinforcing the need for conceptual change, Westbury says: 'There is no easy way to buy or build a culture. Culture has properties that defy planning. The more you grab at it, freeze it and attempt to set it in its place, the weaker it becomes.'<sup>5</sup>

This conceptual shift requires a greater focus on arts practice and practitioners, on so called 'soft infrastructure'. This can be defined as 'the range of social, educational, recreational, and cultural

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<sup>1</sup> ABS, Cultural Funding by Government 2006-2007

<sup>2</sup> PricewaterhouseCoopers, 2006

<sup>3</sup> Commissioned by LGSA, 2006 and conducted by Allan, Darlison and Gibbs

<sup>4</sup> <http://www.fiscalstar.com.au/>, accessed 25 August 2008

<sup>5</sup> Westbury, Marcus *Fluid Cities Create*, Griffith Review 20: Cities on the Edge, Griffith University, 2008, page 2

services available to a community.’<sup>6</sup> In relation to cultural development, we can further define ‘soft infrastructure’ to mean artists, employees, participants, practitioners, networks, programs and projects that give life, meaning and purpose to buildings and the built environment.

Of course, the importance of the physical remains: ‘Facilities and infrastructure to accommodate artists and organizations’ have been identified as one of six critical success factors for a vibrant cultural economy.<sup>7</sup>

Arts, cultural activities, services and programs are often dependant on physical infrastructure, which should work in concert with the services and programs delivered. Adequate attention and investment in both ‘hard’ and ‘soft’ infrastructure is essential for success.<sup>8</sup>

## **Context**

### **NSW State Plan**

The Associations remain ready to facilitate sections of the State Plan that would benefit from partnership with Local Government. We anticipate partnering with the State Government to work on the following Plan directions and targets:

- Developing a more strategic approach with Local Government to increase and improve their arts, cultural, sporting and recreational facilities (State Plan, November 2006, pg. 135, under ‘E8’)
- Encourage development of arts and culture and cultural precincts in local communities through partnerships with Local Government (State Plan, November 2006, pg. 135, under ‘E8’)
- Increase visits to and participation in the arts and cultural activity 10% by 2016 (State Plan, November 2006, pg. 7, under ‘E8’)

In relation to the adequacy of the State Plan, investigated at term six of the Inquiry, LGSA contends that increased focus is required upon pathways to achieve the above directions and targets. Recommendations offered herein provide such delivery mechanisms.

Strategic cultural investment made in partnership with Local Government ensures optimal arts and cultural results throughout NSW, not least because councils have close contact with their communities. Local Government is in a singular position to deliver on-the-ground and tangible outcomes that can flow from the State Plan directions and targets. LGSA supports State Government developing an arts and cultural plan for NSW, and anticipates close collaboration on content and implementation as well as capacity for such a plan to facilitate changes coming from Inquiry findings. The Associations have long called for a more planned approach to arts and cultural development across the State and consider these recent developments favourably.

### **Public Libraries**

Although not mentioned specifically in the Inquiry documentation, public libraries are perhaps the most important local cultural infrastructure. The body of this paper does not repeat the case for a significant injection of State Government funding to public libraries. That case is made strongly and clearly in *Public Libraries – Too Valuable to Lose*. (Attachment One) Public libraries are not catered for in the State Plan, which LGSA believes is a significant oversight (responding to term six of the seven numbered by the Inquiry).

*Public Libraries – Too Valuable to Lose* demonstrates that the NSW Public Library Network is a cohesive, state-wide network based on cooperation between council public libraries and the State

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<sup>6</sup> Blakely & Bradshaw, *Planning Local Economic Development: Theory and Practice* (Third Edition), SAGE, 2002.

<sup>7</sup> PricewaterhouseCoopers, *Inter-jurisdictional Study of Best Policies and Practices for Public Sector Arts and Culture*, Canada, 2007.

<sup>8</sup> *A Case for Investing in Arts, Culture and Heritage Infrastructure*, Vis-à-vis Management Resources, British Columbia, 2007, Page 7.

Library of NSW. This network offers a remarkable array of services to communities. The paper also demonstrates that public libraries are under increasing pressure to re-vitalise facilities, collections, electronic infrastructure and programs. These pressures come in many guises including changing demographics (including population ageing, child and youth usage trends); community demand for more varied services and programming; increasingly varied collection formats and new technologies; and e-government. The paper argues that the NSW Government must significantly increase the State's share of the total funding to local public library services to ensure it matches international and national benchmarks and meets unmet community demand for services. The paper recommends enhancing grants and subsidies to library services operated by councils and other organisations, to over \$5m per year for five years to reach a new recurrent target of approximately \$52m per year.

### **Accessibility**

Issues of accessibility run deeply through the Inquiry. Specifically, there is relevance for terms two, five and six and Issue / Discussions prompts three, four and nine.

LGSA recommends that all arts and cultural infrastructure be developed in line with Australian Standards (particularly AS 1428). Access for people of all abilities needs to be considered not only to front of house areas, but also for backstage and working spaces. The Commonwealth Disability Discrimination Act (1992) stipulates that people with a disability have equal rights to access goods, services and employment. Accessible Arts organisations and professional access auditors are able to provide advice and assistance to arts and cultural organisations across NSW regarding their audience, creative, infrastructure, education and employment processes. One in five people experience a disability. In addition, family and friends of people with a disability will often not attend an arts event or venue if one of their members will be excluded.

### **Artist Centred Approach**

Establishing and maintaining focus on local arts practice and local cultural activities and production is vital for efficient and effective government intervention to support cultural development. This section provides examples and finds recommendations for conceptual change in the provision of arts and cultural infrastructure. The underlying assumption is that when providing 'hard' and 'soft' infrastructure, we are seeking to increase the amount of cultural activity, as expressed by NSW State Plan Priority 'E8' says "More People Participating in the Arts and Cultural Activity".

### **Local Artists and the NSW Arts and Cultural Plan**

A perpetual challenge for governments is to provide appropriate and useful public infrastructure which can stand the test of time. Changing patterns of cultural production and consumption make this challenge particularly significant.

LGSA is attracted to emerging policy principles for cultural development which recognise the centrality of artists' practice<sup>9</sup> and the importance of building individual creativity.<sup>10</sup> These important policy principles say that all creative activities radiate out from people's capacity to make art, and we can add: to be creative agents in their communities. The principles accord with successful council cultural development practice. LGSA contends that increased application of policies placing local artists and local creative activities at the centre of State Government cultural development planning, will provide policy solutions to the issues raised by the Public Works Committee. These include funding and resource allocation, the first of the Inquiry points, as well as the second: suitability of public infrastructure for arts and cultural life. More broadly, adoption of these policy principles would act upon the other Inquiry terms as well as the thirteen Inquiry Issues/Discussion prompts identified by the Inquiry.

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<sup>9</sup> Speeches by Professor David Throsby, Sydney 21 May 2008 and Canberra 28 February 2008

<sup>10</sup> Creative Britain, *New Talents for the New Economy*, Department for Culture Media & Sport, UK, 2008



Perhaps the biggest challenge to all governments arts and cultural infrastructure efforts lies in changes to how art is being made:

“Much contemporary cultural vitality and energy is occurring outside the traditional arts and culture political framework and increasingly challenges the philosophy underpinning it. Examples include circus (physical theatre), new media arts, youth arts, performance culture consumed outside official parameters (CDs, DVDs), sub-cultures, community groups, amateur artists and performers, and electronically networked/produced/consumed arts and culture. These diverse examples of arts and culture are informing the development of active citizenship and cultural competence on various levels — local, regional, national, sub-cultural and global”.<sup>11</sup>

Governments can successfully support new and emerging ways of making art and facilitate creative industries development by focussing on current local arts practice. The nature and extent of local arts practice varies extensively across NSW and it would be easy to mis-judge arts and cultural infrastructure investments and interventions. By resourcing and working closely with each council, State Government will be able to determine appropriate arts and cultural infrastructure provisions by jointly developing and maintaining a focus on local artists and local creative activities.

An example of infrastructure development initiated from the local level comes from Cootamundra. Cootamundra Shire Council supported local community vision for a new arts centre, by buying a derelict building for \$140,000. A further \$60,000 was made available by the Shire for renovations. In 2006 Arts NSW contributed \$75,000, matched in cash and kind by the Shire. Because the arts centre originated from the community, there is enormous community support and contributions, including over \$80,000 dollars in goods and trade discounts and more than 7,000 hours in volunteer labour, to date.

The new Cootamundra Creative Arts and Cultural Centre opened in 2007, demonstrating the return to the community of combined Local and State Government arts investments. Investment in the arts through Local Government, in touch with community vision, has a significant catalysing and multiplying effects. These provide for longer term results, especially when initial capital funds are followed with ongoing support for programming.

Focussing on local arts practice and providing for cultural development on that initiating basis is recommended for the new NSW arts and cultural plan.

## **A Cultural Approach to all Infrastructure Development**

This section moves beyond infrastructure provided especially for arts and cultural practice, and recommends taking a cultural and artist centred approach to infrastructure in general. This particularly addresses the second Inquiry issue: ‘suitability of public infrastructure for arts and cultural life’. It also has bearing on how Western Sydney success can be replicated, local identity and integrated cultural planning – as per dot point seven, nine and ten of the Inquiry Issues/Discussion prompts on page 2 of the documentation provided and reprinted at the start of this paper.

Some of the most successful spaces and places are created when an arts and cultural approach is taken to development. For example, Parramatta City Council has significantly enhanced the local built environment by requiring developers to submit ‘arts plans’ as part of the development application process. Bankstown City Council has worked closely with local artists on the redevelopment of Greenacre shopping centre, resulting in a unique environment that is truly representative of Greenacre. Working with local artists can ensure that cultural developments are relevant to local communities. John McCarthy expresses the issue well:

“Cities are increasingly seeking to encourage culture-related uses in particular areas, often designated as ‘cultural quarters’, to achieve regeneration outcomes, and public art is often

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<sup>11</sup> Craik, Jennifer ‘Re-visioning Arts and Cultural Policy, Current Impasses and Future Directions’, ANU, 2007, page 55

applied in such quarters in order to promote place image and to enhance local identity. However, it may be argued that these aims are potentially contradictory, since the image that is projected may not necessarily reflect local identity. This is a critical issue in view of the need to achieve regeneration outcomes that are inclusive, broadly based and context sensitive.”<sup>12</sup>

McCarthy’s ‘crucial issue’ can be solved by working with local artists. In the Greenacre case, a more experienced artist from outside Greenacre acted together with local artists and others living in Greenacre, providing an authentic and valid reflection of local identity in the built environment.<sup>13</sup>

To recap, current cultural policy principles place artists and cultural practice centrally, and this in accordance with successful Local Government practice and LGSA policy. Craik tells of contemporary changes to how art is being made. Parramatta, Cootamundra and Greenacre have worked successfully in the contemporary environment. This leads to a recommendation for wider application of the artist-centred approach by NSW Government, in partnership with Local Government.

#### **Recommendation One:**

**That the State Government place local artists and local creative activities centrally in arts and cultural and other infrastructure planning and policy and that implementation be conducted in close collaboration with Local Government.**

### **Aboriginal Arts Development**

Expanded Aboriginal arts development has been a joint aim for State and Local Government in Cultural Accords for ten years. However we are yet to implement a substantial package of assistance appropriate to the potential of Aboriginal arts in NSW. This section relates to Inquiry terms one, two, four, five, six and Issue / Discussion dot point prompts one, two, three, four, six, seven, nine and eleven.

Regional Arts Australia identified the key issues in their 2006 *National Directions* paper:

“Supporting Indigenous artists and communities needs, including clarification of funding programs post-ATSIC; effective means of mentoring emerging artists and enterprise development; better engagement between Indigenous and non- Indigenous artists; and a recognition by local government that Indigenous heritage is a vital part of local identity”<sup>14</sup>

Councils leading in Aboriginal Arts cultural development, such as Campbelltown, successfully multiply State arts investments for their communities. When Arts NSW has funded identified Aboriginal arts development positions, as in Western Sydney, councils are able to broker longer term and multi-partner projects with other agencies, such as the Department of Ageing, Disability and Home Care. Again, the successful Western Sydney experience shows how the rest of NSW could benefit from strategic multi-year and multi-partner cultural investment in Local Government.

Recent feedback from the Aboriginal arts sector has demonstrated a need to support local level contemporary Aboriginal craft production and marketing, and that creative incubators for contemporary local Aboriginal craft production and sales be formed. Fitting out facilities to suit local Aboriginal contemporary creative production is also recommended.

Major non-arts infrastructure development provides opportunities for partnerships with Aboriginal communities together with Local Government. An excellent example is the Cowarra “Off-Creek Storage” Dam, located on the mid-north coastal ranges. As guardians of the land and waterways in the

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<sup>12</sup> McCarthy, John, *Regeneration of Cultural Quarters: Public Art for Place Image or Place Identity?* Journal of Urban Design, Volume 11, Number 2, June 2006, Routledge pages 243-262

<sup>13</sup> <http://culturalawards2008.lgsa.org.au/projects/29-greenacre-town-centre-improvement-program-tcip/videos/14>, accessed 11 September 2008

<sup>14</sup> Dunne, A, *National Directions* Regional Arts Australia, 2006, page 15

area, Bunyah Local Aboriginal Land Council worked closely with Port Macquarie Hastings Council during the development and construction of the Cowarra Dam.

Bunyah Land Council assisted in the process of extinguishing Native Title on the site to allow the Cowarra Dam to proceed and to make employment and training opportunities available for local Aboriginal people. "We have a positive relationship with Hastings Council water supply people. The thing that won us over was the way they approached us," a Bunyah spokesman said.<sup>15</sup> As well as significant employment in construction and on-going operations, a major public art project was integral to the process. Finished in 2004, the Cowarra dam is a model infrastructure, arts and reconciliation project.

Both in catering for local contemporary Aboriginal creative production requirements and when considering major infrastructure of a more general nature, capacity is required to promote and replicate successful models.

### **Recommendation Two:**

**That the State Government create funding to expand Aboriginal arts development through Local Government**

## **Funding Arts & Culture with Local Government**

State Government investments in art and culture find the best return when done in partnership with Local Government. This part of the submission also looks at public funding, the first of the Inquiry terms. Rather than examining the policy approach as seen leading to Recommendation One, here past present and future funding patterns are explored, as per the first of the thirteen Issues / Discussion Point prompts. This section also looks at the Cultural Accords, the eleventh of the Issues / Discussion Point prompts .

### **Loss of *City of the Arts***

Arts NSW *City of the Arts* program was unexpectedly discontinued in 2007. The City of the Arts funding program was specifically for Local Government, and provided monies for councils outside of the Sydney metropolitan area.

Funding was up to \$150,000 over two years, and was received by the following councils:

The Blue Mountains - Inaugural City of the Arts (1995-97)

Broken Hill - Second City of the Arts (1997-99)

Armidale Dumaresq - Third City of the Arts (1999-2001)

Port Macquarie - Fourth City of the Arts (2001-03)

Tweed Shire - Fifth City of the Arts (2003-05)

Maitland - Sixth City of the Arts (2005-07)

The *City of the Arts* program was instrumental in advancing cultural development. Discontinuation of this program is a significant blow to arts and culture outside the Sydney CBD, and has not been replaced. Whilst the *City of the Arts* program is no longer in NSW, there remains significant deficits in cultural infrastructure regionally, which require urgent attention.

### **Cultural Accord**

NSW State and Local Governments have found extensive agreement to develop arts and culture through a series of Cultural Accords. Signed in 1997, the first Accord focused on regional NSW with a three year timeframe. The second Accord, signed in 2002, provided a stronger partnership and included a Western Sydney and Aboriginal cultural focus.

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<sup>15</sup> [http://www.waterwisensw.com.au/images/media/pdf/CDPAP\\_Booklet.pdf](http://www.waterwisensw.com.au/images/media/pdf/CDPAP_Booklet.pdf), accessed 2 September 2008

Expiry of the second Accord in 2005 was followed by signing of the third in February 2006, which concludes on 31 December 2008. LGSA has had positive communications with Arts NSW on an independent review of current and previous Accords, and development of a fourth Accord. The Associations look forward to forging a new and practical agreement with State Government to jointly engender expansion of cultural development in NSW.

The current Accord sets out three focus areas for State and Local Government to collaborate on, which provide immediate opportunities for the Public Works Committee. The three focus areas with appropriate discussion are set out below.

The first Cultural Accord focus area and the one of primary interest to the Inquiry is:

*To work collaboratively to establish a new Ministry funding program for Local Government that recognises Local Governments who are making a sustained commitment to the arts and culture through a cultural planning framework.*

National studies reinforce the key role that councils play in cultural development. For example, the Myer report found “that local government plays a very important role in grass-roots support of community-based arts and craft activities, much of which is contemporary in focus.”<sup>16</sup>

NSW Government arts investments in Local Government produce cultural development results far in excess of the State Government contributions. Within councils, competing priorities for expenditure necessitate ongoing State incentives for cultural development.

Arts NSW total annual funding figures to Local Government are particularly low, especially when compared to total NSW councils expenditure on culture.

<b>Arts NSW Grants to NSW Local Government</b>		<b>NSW Local Government Cultural Expenditure</b>	
	Calendar year millions		Financial year millions
2002	\$18.5	2001 – 02	\$242.1
2003	\$9.0	2002 – 03	\$350.3
2004	\$2.9	2003 – 04	\$315.2
2005	\$2.2	2004 – 05	\$311.9
2006	\$2.8	2005 – 06	\$374.9
2006	\$2.8	2006 – 07	\$397.0
2007	\$4.1	2007 – 08	n/a

Despite this positive effort, Local Government’s finances must not be taken for granted. With many NSW Local Governments facing financial challenges, as found by the *Independent Inquiry into the Financial Sustainability of NSW Local Government*, it is vital that initial capital cultural investments are followed up with regular State Government funding support for programming.

Arts NSW and the LGSA are currently working together to assist councils in cultural development. Currently over one third of NSW councils have a cultural plan and one third are developing one. Increasing uptake of a planned approach to cultural development requires a greater State commitment to arts funding for councils.

The Progress Report on the Western Sydney Arts Strategy found that it “provides a valuable model for other regions with a need for integrated cultural development”.<sup>17</sup> The Cultural Planning Guidelines

<sup>16</sup> Contemporary Visual Arts and Craft Inquiry, Commonwealth of Australia 2002, Page 307

<sup>17</sup> Progress Report on the Western Sydney Arts Strategy, 2006, Page 8.

for Local Government and the current Integrated Planning and Reporting approach being developed with the Department of Local Government advocate for an integrated approach to strategic planning.

The new funding program for Local Government proposed in the Cultural Accord, together with the very successful Western Sydney model, show how communities across the State could benefit from substantially increasing the level of State Government arts investment in councils. This approach has been proven in other jurisdictions, such as Victoria with the Arts Victoria Local Partnerships Program.

An integrated cultural funding approach is further supported by the second Cultural Accord focus area:

*In recognition of the important cultural collections held by Local Governments, to jointly encourage greater integration of the operation of Local Government cultural facilities including libraries, museums and art galleries.*

Current funding structures necessitate numerous applications to different State Government departments from councils, to augment their activity in the wide spectrum of Local Government cultural development activities. Providing packaged State investments for all of a council's cultural endeavours would also deliver on State Plan commitments to reduce red tape ('P3' in State Plan).

It is recommended that the current joint Arts NSW and LGSA initiatives to assist those councils yet to benefit from a planned approach to cultural development, be expanded and better resourced and that future cultural accords are provided with appropriate resources for implementation.

The third Cultural Accord priority is addressed later at Recommendation Six.

The Associations recommend creation of a new and distinct Local Government Partnership Fund with two interdependent strands – Infrastructure and Fit Out (fit out is expanded on below). The Partnership fund would be available for councils and regional groups of councils. Funding ratio agreements should be tailored to suit individual council circumstances.

Three to five year funding agreements are recommended, supporting the integrated and strategic approach which has been shown to work so well in Western Sydney. Multi year funding programs respond to the increasing importance of longer term strategic planning, as well as reducing red tape. An international study by PricewaterhouseCoopers found that a minimum of three years for cultural funding was critical to success.<sup>18</sup>

A negotiated and strategic approach providing a single funding agreement for the whole of a council's cultural undertakings is recommended for those councils advanced in cultural development. For those councils not yet in such a position, access to smaller individual project grants will need to be retained.

### **Fit Out, Access and Accommodation**

Considering the difficult environment for Local Government community infrastructure in general and the current unsettling economic conditions overall, careful arts and cultural infrastructure investment is recommended. This can be achieved by program funding Local Government for fitting out, making good and ensuring access to existing buildings.

A program of infrastructure fit out, access and accommodation compliments the policy principle established in Recommendation One, where arts infrastructure investment follows local arts practice. For example, Canterbury City Council has recognised local need for visual arts gallery space, however is not considering funding a purpose built gallery. In future council office accommodation, foyer and reception space is being considered for visual arts display. A targeted and promoted funding

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<sup>18</sup> PricewaterhouseCoopers, *Inter-jurisdictional Study of Best Policies and Practices for Public Sector Arts and Culture*, Canada, 2007

program especially for Local Government fit out would facilitate the development of arts practice across NSW. It would ensure that facilitating infrastructure such as hanging, tracking and lighting for visual art is appropriate and professional. Further, assistance in curating and programming will be essential to best develop visual arts practice, such as in Canterbury.

As well as facilitating cultural development by fitting out public buildings, including those not specifically for the arts, a broader approach is needed. As Marcus Westbury says:

“In virtually every suburb in Australia, there is a building that has been boarded up for years, while its permanent use is debated or deferred or a consultant is brought in to determine just how much it would cost to fix. Each passing day is a lost opportunity for a temporary art gallery, for a business to incubate, for a community to form, for a performance space, for a meeting point for social or cultural experimentation.”<sup>19</sup>

Cultural development in NSW could be substantially furthered by funding councils to provide access for artists to existing buildings. This would include identifying and supporting sites of current practice by local artists, as well as providing safe access to buildings that are currently not in use. Investments of this type can mitigate what some see as the negative effects of gentrification. The problem, as expressed by Terry Flew<sup>20</sup> and others, is that the artists who breath life into previously undesirable suburbs are subsequently priced out of the market. This removes the vitality and interest that provides for urban regeneration.

A program formulated especially to provide access to living and working accommodation for artists in NSW would go a long way towards achieving viable cultural precincts, envisaged under ‘E8’ in the State Plan. A successful model can be found in the United States, where a non-profit organisation called Artspace<sup>21</sup> works with local authorities to purchase and develop buildings for artists. This solution has direct bearing on term two of the Inquiry, as well as Issue / Discussion dot point nine.

Recent NSW legislative changes to the way councils levy developer contributions have substantially curtailed Local Government capacity to provide arts and cultural infrastructure for local communities. The case setting out the difficulties and disadvantages from current changes to council developer levies has already been clearly made by the LGSA and is not repeated in the body of this submission. *The Impact on Local Government of the Proposed Framework For Development Contributions* forms Attachment Two. That paper explains the threats that the changes, now being implemented, present to Local Government community infrastructure, including arts and cultural infrastructure.

To sum up, despite considerable investment in cultural development by Local Government and agreement under Cultural Accords, there is no specific funding program to leverage cultural development in councils. Changes to developer levies present a dangerous threat to on-going investment in arts by councils. As well as providing for new buildings where clearly needed, a successful funding program would focus upon: fitting out existing buildings, access to under-used and empty facilities, and living and working accommodation for local artists.

### **Recommendation Three:**

**That the State Government create a new and distinct Local Government Partnership Fund, with multi-year and recurrent agreements, which will enable councils to deliver State Plan priority E8 cultural outcomes to local communities.**

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<sup>19</sup> Westbury, Marcus *Fluid Cities Create*, op. cit., page 9

<sup>20</sup> Flew, Terry *Music, Cities and Cultural Policy: A Brisbane Experience*, Paper presented to Sonic Synergies, Creative Cultures, University of South Australia, July 17 – 20, 2003, page 25

<sup>21</sup> <http://www.artspaceusa.org>, accessed 29 August 2008.

## Arts and Cultural Infrastructure Coordination

Here this submission considers all of the seven Inquiry areas, and thirteen Issues / Discussion Points and recommends creation of a practical resource to provide for the Inquiry concerns. In much the same way as a successful council provides resources for local stakeholders, it is recommended that State Government play a greater information provision and coordination role for arts and cultural infrastructure development across New South Wales. This section has particular application to the Issues / Discussion Point prompts about planning, seen at dot points five, six, eight, nine, ten and thirteen.

Galleries, museums, theatres, performing arts centres and studios are expensive to build, maintain, program and run. Whilst some councils have a good understanding of local cultural needs regarding 'hard' arts-specific infrastructure, others lack the resources to properly investigate local and regional demand for arts and cultural built infrastructure, especially beyond their boundaries. There is a need for greater coordination between State, Local Government and non-government sectors in the development of new facilities. For example, currently the McDonald College in Strathfield are planning new built arts facilities which will have impact and opportunities across the region. Regional coordination with the councils would be helpful.

Public use of arts facilities does not notice Local Government or other political boundaries and does not factor public funding or private development considerations. Patterns of arts facility use are determined by interest, taste, availability, access and affordability. Greater assistance and coordination is needed for all sectors when planning new arts infrastructure.

NSW would greatly benefit from the provision of a central source information for the planning and development of new arts-specific infrastructure. Such a resource would include data on existing public and private facilities, as well as reveal usage and trends in consumption and participation. Up-to-date intelligence of this nature, and information on unmet demand, would help Local and State Governments make much better informed decisions that are more likely to stand the test of time. The resource would also guide private investment in arts and cultural infrastructure, and work to prevent duplication and increase audiences.

One reading of State Government support for arts-specific infrastructure is that funding allocations are sometimes political. For example, recently two million dollars was found for worthy Wollongong Town Hall renovations, through an unorthodox process.<sup>22</sup> Availability and interpretation of appropriate data and understanding of current needs and gaps state wide could provide a framework mitigating that type of decision making.

The resource would draw data from reports such as , *Energised, engaged, everywhere: Older Australians and Museums*<sup>23</sup>, which provides comprehensive statistical and qualitative information about older people, specifically focussing on leisure habits and museum visiting. Accessible information on aging populations and other relevant demographic data is needed to effectively plan for arts and cultural infrastructure.

Research and data is also needed to effectively measure the impact of arts and cultural infrastructure investments.

Much of the information needed for a comprehensive mapping and interpretative exercise of this type has been published in various forms, for example in Local Government cultural plans, however it has not been collated and interpreted into a comprehensive data base which would allow allocation of resources according to appropriate audience catchment areas.

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<sup>22</sup> <http://www.illawarramercury.com.au/news/local/news/general/sartor-gives-2m-to-fix-the-town-hall/1260848.aspx>, accessed 12 September 2008

<sup>23</sup> <http://austmus.gov.au/amarc/pdf/research/introduction.pdf>, accessed 4 September 2008

Increased co-ordination of all sectors providing arts and cultural infrastructure for NSW communities would allow for greater use of facilities.

**Recommendation Four:**

**That the State Government create and maintain comprehensive information relevant to planning for new arts-specific capital infrastructure to assist the building of relevant and appropriate facilities and provide for coordination between sectors and agencies.**

## **Addressing Inequity**

There are many commendable Inquiry themes of equity and access as well as the potential to move towards redressing the historical favouring of Sydney CBD for arts and cultural support, in the Inquiry documentation. This part of the LGSA submission proposes a cost-neutral way to achieve the Inquiry equity themes and to get a fairer deal for those who find it hard to get to the CBD. Specific relevance is found here for terms one, two, four and six and for Issue / Discussion dot points one, two, three, four, six and nine.

## **Principles for Regional Programs**

NSW Government support for arts and culture has traditionally, and remains, focussed on the Sydney CBD where the seven state cultural institutions reside. The extent of the focus upon these institutions is illustrated by the Arts NSW 2007-2008 budget, where of a total of \$258 million, \$212 is allocated to the state cultural institutions.<sup>24</sup> Although these organisations provide some services across NSW, the LGSA contends that access and participation in the arts could be greatly expanded by increasing incentives and requirements for state cultural institutions to more effectively and comprehensively engage with suburban and regional communities. This is not limited to touring cultural products, but is about working with people across NSW to provide skills acquisition and increase local cultural production.

In 1997 the NSW Government produced *Principles for regional programs by State Government cultural institutions*. (Attachment Three) Regional tax payers are subject to 'double taxing' as they are supporting local cultural infrastructure and programs as well as that in the Sydney CBD. Such inequality prompts a recommendation for a comprehensive review and renewal of these Principles, including an examination of incentives and compliance measures in the funding agreements with the state cultural institutions.

Comprehensive implementation of updated Principles would provide for some correction of the longstanding imbalance of State Government cultural investments, which has strongly favoured those able to access the Sydney CBD.

**Recommendation Five:**

**That the State Government review the content and implementation of the Principles for regional programs by State Government cultural institutions to strengthen fair and equitable access to cultural experiences across NSW.**

## **Cross-agency Collaboration**

Working with often limited means at the local level, councils are adept at brokering cultural projects with several agencies, with arts agencies being one of a number of partners. Such projects bring agencies together around social and community development issues, which can be addressed by innovative arts projects. This Recommendation has direct application to Inquiry terms one, two, three, four, five and six and Issue / Discussion dot points one, two, three, four, five, six, seven, nine and twelve.

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<sup>24</sup> <http://www.arts.nsw.gov.au/AboutUs/tabid/55/Default.aspx>, accessed 25 August 2008



The Western Sydney Arts Strategy Progress Report found that the

“Strategy has demonstrated the contribution the arts can make in traditionally non-arts related social policy areas through cross-agency projects and across the State. Major cultural projects have been delivered across the region in partnership with the health, education, environment and urban planning sectors.”<sup>25</sup>

Regional Arts NSW have cited national research finding “concrete links between the implementation of arts projects and lasting social, educational, economic and artistic impacts”<sup>26</sup>.

One of the better examples is the Newcastle Live Sites ‘place activation’ project. Developed by an Arts NSW funded ‘cultural broker’, Lives Sites is the joint effort of state government authority Honeysuckle Development Corporation, Newcastle City Council, Arts NSW and the not-for-profit Newcastle Alliance. Each year, Live Sites produces over 100 days of events and provides over 700 days of arts employment.<sup>27</sup>

The Myer Report also supports council ability regarding multi-partner projects: “It is evident that the local government agencies are used to building on other programs such as tourism, environment and education and are highly flexible and adaptable in this respect.”<sup>28</sup>

Mechanisms for cross-agency, collaborative and partnership programs, when built into State Government infrastructure planning and implementation, will maximise arts and cultural returns to NSW communities. This partnership approach would need to be well supported by increasing capacity for Arts NSW advocacy across other State Government agencies.

### **Three Spheres of Government Approach**

As well as promoting collaborations across State government agencies and with private and non-government (NGO) sectors, a three spheres of government approach is recommended for cultural development in NSW.

NSW councils receive Australian Government grants and support for cultural development. Existing Local and State Government commitment can be an important precursor to Australian Government involvement. For example in Parramatta, their local Artists Studios project gained AusIndustry participation following State support.

Often councils must apply to numerous different NSW and Australian Government cultural grant programs and categories, resulting in onerous bureaucratic duplication.

A very interesting example of how governments can join together in addressing local needs and issues using the arts can be seen in the Generations project, initiated and run by the Cultural Development Network in Victoria. The Generations project is a collaboration between five councils across three States and supported by the three levels of government funding. Although the Generations project is not infrastructure specific, it is unique in size and processes, which are of interest to the current Inquiry.

The five localised projects respond to Local Government identified issues which are significant for their communities. These range across Indigenous land use and relationships with graziers; pressurised Aboriginal and Arabic youth in the state education system; aging populations in rural cities; climate change and coal mining in rural Australia; and identity on the urban edge. The

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<sup>25</sup> *Western Sydney Arts Strategy Progress Report*, page 7

<sup>26</sup> [http://www.regionalartsnsw.com.au/docs/quotes\\_stats\\_and\\_facts.pdf](http://www.regionalartsnsw.com.au/docs/quotes_stats_and_facts.pdf), accessed 1 September 2008, pages 3&4.

<sup>27</sup> <http://www.livesites.org.au/index.php?id=7>, accessed 4 September 2008

<sup>28</sup> *Contemporary Visual Arts and Craft Inquiry* (Myer Report) Commonwealth of Australia 2002, page 30.

Generations project examines links between communities and civic engagement and how a cultural perspective on policies can strengthen that link and provide solutions 'generated' from the community.

The councils, funding bodies, communities and artists participate in regular forums, exchange news on progress and share ideas. The role of arts activity and its connection to improved health and well-being has been well documented, however the wider cultural impact of public policy on local communities requires more study. 'Generations' is the first major study of its kind.

Participating partners are: The Australia Council for the Arts, Regional Arts Fund Commonwealth Department for Communications Information Technology and Arts, Arts Victoria, Arts NSW, Arts Queensland, Dalrymple Shire (Queensland); City of Liverpool (New South Wales); Rural City of Wangaratta (Victoria); City of Greater Geelong (Victoria); and Latrobe City (Victoria). The project runs for three years between September 2006 and December 2009.

Longer term multi-partner strategic projects such as Generations, which bring agencies together to address particular local issues, demonstrate how a 'joined-up' and 'whole-of-government' approach can really work.

There is also room for greater joint NSW Local and State Government advocacy to Australian government on providing structural incentives for tripartite agreements. Such advocacy can proceed to forums such as the Cultural Ministers Council, as agreed in the third Cultural Accord focus area:

*To jointly develop a proposal for a national strategy for Community Cultural Development through the Cultural Ministers Council.*

LGSA has promoted a coordinated and three spheres of government approach to Arts NSW and the Australia Council for the Arts, in the development of fourth cultural accord.

In review, collaborative and partnership approaches can be conducted with great success, especially when working to address needs identified locally. State and Federal funding programs would more effectively serve NSW communities if collaborative approaches were better provided for. As well as about how the funding programs are structured, better relationships between programs are needed. This requires greater communication between State agencies as well as federally.

#### **Recommendation Six:**

**That a range of incentives and pathways for collaboration between multiple agencies be central to arts and cultural infrastructure development in NSW**

## **Conclusion**

Arts and cultural infrastructure and local cultural development overall is currently under considerable threat in NSW. Reductions in developer levies, longstanding State underfunding of public libraries and the absence of arts funding specific to Local Government are combining disadvantageously.. Without substantial and strategic intervention by the Public Works Committee, damage from this combination will be far reaching, and have significant detrimental effects that extend way beyond the arts and cultural sector.

A conceptual change in how governments fund arts and cultural infrastructure is required to meet the current challenges. The change requires a focus back to local artists and local communities working creatively. When governments work to augment existing local cultural expressions, their investments will grow.

NSW Government investment in arts and culture can achieve substantial and on-going returns to communities across the State, when done in partnership with Local Government. In touch with communities, councils work locally to maximise the success of cultural development. Rapidly changing cultural landscapes mean the ability of agencies to identify common causes and work together for positive change will determine long term sustainability.

## **Attachments**

ONE

*Public Libraries – Too Valuable to Lose*

TWO

*The Impact on Local Government of the Proposed Framework For Development Contributions*

THREE

*Principles for regional programs by State Government cultural institutions*

# Local Government Association of NSW



## Shires Association of NSW

# Public Libraries: Too Valuable to Lose

## Public Libraries Policy Platform

- 
- One in two people in NSW are Public Library members and use our libraries more than 32 million times every year
  - Our state government provides the lowest funding to Public Libraries in Australia
  - Services most at risk are: story times, home delivery, learning English, internet access, study and meeting places, opening hours, new books and branch libraries
  - The young, old, culturally diverse and disadvantaged have the most to lose
  - In a democratic society free libraries are everybody's right
-



## **Public Libraries – Too Valuable to Lose**

### **Public Libraries Policy Platform**

#### **1. Executive Summary**

The platform outlines library funding issues affecting Local Government and recommends NSW Government action.

#### **Background:**

LGSA emphasises that local communities require facilities, services and activities for their health, welfare and wellbeing. Amongst the measures to achieve this LGSA continues to recommend that the NSW Government: ‘Acknowledge the importance of public libraries and enhance funding to improve library services.’ (Projected additional cost to the NSW Government: \$26m per annum when fully implemented).

The NSW Public Library Network is a cohesive, state-wide network based on cooperation between council public libraries and the State Library of NSW. Local Government meets 90% of the costs of the Network.

#### **Current Position:**

The NSW Government has in place a range of supports to the NSW Public Library Network ranging from legislative support in the *Library Act 1939* & regulation, through Public Libraries Grants & Subsidies of \$23.5m per year to logistical support from the State Library. Despite a period of commendable growth which saw NSW Government funding to the public library network increase by almost 40% compared to 1995 levels, the level of funding is being eroded again.

#### **Comment:**

Experts and commentators agree the NSW Public Library Network is under considerable pressure. Public libraries are under increasing pressure to re-vitalise facilities, collections, electronic infrastructure and programs. These pressures come in many well documented guises including changing demographics (including population ageing, new child and youth usage trends); community demand for a wider variety of library services and programming; an increased variety of collection formats and new technologies; and e-government.

To maximise the effectiveness of the NSW Public Library Network a significantly enhanced level of NSW Government funding is required. Only with improved funding will the Network deliver programs that meet community and government service delivery expectations.

#### **Recommendation:**

That the NSW Government commit to:

- significantly increasing the State’s share of the total funding to local public library services to ensure it matches international and national benchmarks and meets unmet community demand for services,
- enhancing the budget item *Grants and subsidies - Library services by Councils and other organisations* by \$5.2m per year for five years to reach a new recurrent target of \$51.5m per year.

**Primary Contact:** Noel Baum 9242 4090

**Date:** August 2007

## 2. Introduction

Local communities require a sense of identity, facilities, services and activities to promote their physical and social health, welfare and wellbeing.

Amongst the measures to achieve this outcome LGSA recommends that the State Government acknowledge the importance of public libraries to local communities and enhance funding to improve public library services. (Projected additional cost to the State Government: \$26M per annum when fully implemented).”

This paper puts the case for enhanced funding. It is a collaborative project between:

- Local Government Association of NSW and Shires Association of NSW (LGSA)
- Public Libraries NSW - Country and Public Libraries NSW - Metropolitan formerly known as Country Public Libraries Association (CPLA) and Metropolitan Public Libraries Association (MPLA).

The Local Government Association of NSW and the Shires Association of NSW are the peak bodies for NSW Local Government. Together the two Associations represent the 152 general purpose councils in NSW. Special-purpose county councils and Regional Aboriginal Land Councils are also members. LGSA present councils’ views to Australian and NSW Governments, promotes Local Government to the community and provides specialist advice and services to councils.

PLNSW, Country and Metropolitan represent the interests of public libraries and their users across the state. PLNSW has a vital interest in improving library services and access to information resources for all people through a range of initiatives, joint ventures and partnerships. Over recent years the Associations have worked in close partnership with other key stakeholders reinforcing the New South Wales Public Library Network so that libraries can take a lead role in developing informed and knowledgeable communities.

The NSW Public Library Network is a cohesive, state-wide network based on cooperation between Country and Metropolitan public libraries and the State Library of NSW.

To maximise the effectiveness of the NSW Public Library Network an enhanced level of NSW Government funding is required. With increased funding the Network can achieve programs that will meet community and government service delivery expectations and support community development. Over the next 3-5 years public libraries will come under increasing pressure to re-vitalise programs, facilities and electronic infrastructure and offer more Internet based services.

So pressing is the current funding situation that it is essential that the current levels of investment in the public library network as a whole are retained and increase. The NSW Public Library Network and the LGSA are committed to maintaining the levels of local funding, to gaining significant additional State support, and to ensuring the ongoing value management of the Network.

This proposal builds on existing services and programs, and will enable the Network to provide services that meet demand, reduce user dissatisfaction and meet target benchmarks.

### 3. Position Statement

We believe that:

- the right to free and equitable access to basic information is a cornerstone of a democratic society;
- public libraries are centres for free and equitable access to basic information and thus for learning, literature and cultural activities critical to the development of informed vibrant communities; and
- public libraries are safe, convenient and accessible community spaces.

These points fit the philosophy embodied in the *NSW Library Act 1939*. They are also reflected in LGSA Policy Statements relating to Local Government and public libraries (see Attachment 1).

### 3. Public Libraries in the 21<sup>st</sup> Century

Changing demographics, community demand for a wider variety of library services and programming, an increased variety of collection formats, new technologies and e-government, have all created challenges for the delivery of library services in the 21<sup>st</sup> century and increased pressure on library budgets.

The State Library of Victoria 2005 found that:

Libraries make a fundamental contribution to our communities in four key areas:

- they provide free public access to computer and information technology resources
- by helping people locate information they create better informed communities
- they run programs that promote lifelong learning and literacy in the community
- they build connections between individuals, groups and government

Public libraries are no longer solely storehouses of information. They play an important educational, cultural and social role within the community.

It has also been shown in a variety of reports that public libraries provide a direct economic benefit to individuals and to the community (see McClure et al (2001); Holt, Elliott & Moore (1999); Barron et al (2005), Morris, Sumsion & Hawkins (1999/2000) and the British Library). The 'spin-off' effect for the local community has long been recognised. The ability to borrow books enables direct financial savings, for example, in the pursuit of interests and do-it-yourself maintenance. The library assists people to develop their skills. Personal ownership of computers and Internet connections has, in many instances, been the direct result of exposure to their potential within the public library.

#### **Emerging trends impacting on public libraries include:**

##### **▪ Public libraries as places of social capital**

NSW local public libraries facilitate social cohesion. They are one of the few public services that are available to the entire community, without exception. They provide public meeting places and shared spaces that are welcoming, accepting and safe. In many regional, rural and remote communities the public library is one of the last, if not the last, community service and meeting place that is available to everyone.

Public libraries are well established and recognised community hubs that offer insurance against the information and digital divides.

### ▪ **Ageing of the NSW Community**

In the coming decade, growth in usage will be largely concentrated among the age groups above 45 years and in particular those above 55 years. NSW's population aged 65 and older is projected to increase from 907,000 at June 2004 to 1.5 million in 2021 and to 2.5 million in 2051. Financial limitations for many of the baby-boomers due to retire in this period will drive demand for increased information services and cultural and recreational activities provided by publicly funded institutions.

LGSA began encouraging member councils to take population ageing seriously by commissioning research that led to the subsequent publication of *Planning the local government response to ageing and place* (2004). This paper is intended to offer a framework to assist councils in beginning to plan for the population ageing unique to their area by:

- i) providing information on what is happening with general population trends and access to population projection information for each local government area
- ii) providing information on the existing and likely diversity amongst older people
- iii) providing evidence on what population ageing means for all roles that councils performs and
- iv) encouraging councils to examine their numbers and proportion of older people and their rate of population ageing, in conjunction with the evidence on impacts, to identify what roles they may need to change and when.

The challenge for libraries was highlighted in this report. Specific services and collections for older residents and people with a disability are already becoming increasingly important, particularly in coastal NSW which is experiencing the fastest aging of the population. These include a high demand for large print collections and specialist resources and technology for people with a disability.

It is also apparent that changing demographics will result in far greater demand for Home Library Services both to individuals and nursing homes. The number of library services placing caps on Home Library membership because they cannot meet demand is likely to grow exponentially.

### ▪ **Students and Youth Culture**

Young people are significant users of public libraries, major consumers of information technology and hold social attitudes that are often different from other groups in our community. Education approaches have changed and the NSW Board of Studies now promotes co-operative learning, research and group interaction. For libraries, this has had a marked effect with many libraries now filled each afternoon with young people undertaking research projects, working on joint projects with fellow students, and discussing project approaches and outcomes.

Primary students use the public library to access information and for direct curriculum support in terms of fiction authors from school reading lists. Libraries run story telling and school holiday activities designed to encourage reading and literacy. The public library provides the initial pre school building block of introduction to reading and books for teachers to build on once the child reaches school. Libraries also provide collections and staffing resources to support State Government initiatives such as the Premier's Reading Challenge.

Secondary students use public libraries to access information when their schools are closed or when school library resources do not meet their needs. Homework help desks are being created in many libraries to provide further help directly linking into the school curriculum during out of school hours.



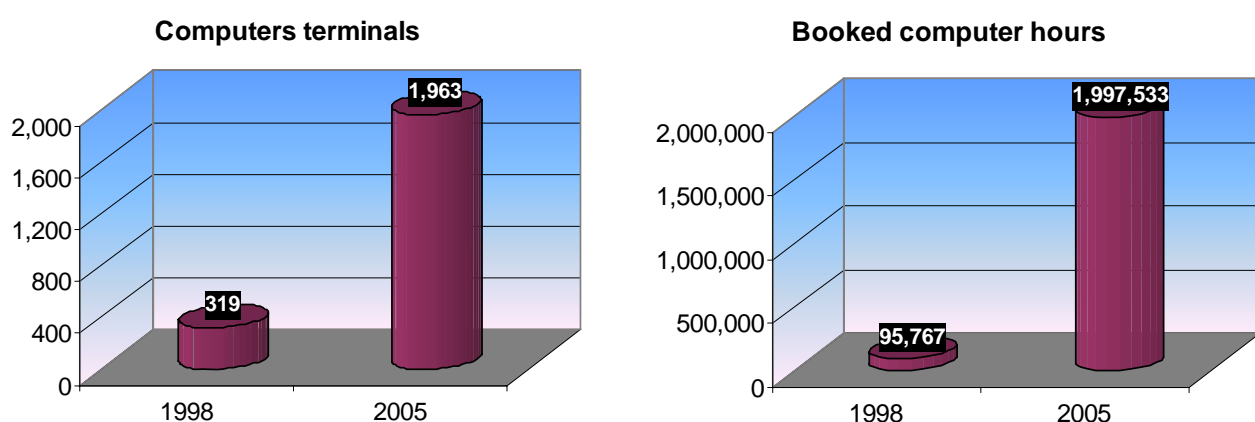
At the Tertiary level many rural students or distance education students rely on the local public library to provide course support material and Internet access for course availability information or for information required for assignments.

- **Lifelong learning**

As well as playing a part in the formal education process public libraries are increasingly finding themselves caught up in the growth of lifelong learning. This philosophy recognises that people continue to learn and want to learn throughout their lives. Our libraries support this through the provision of non fiction material accessible to the layperson, facilities for classes and support material and services for book clubs.

- **New Information Technologies**

As computer and Internet access at home has increase so too has the provision and usage of computers in NSW public libraries as can be seen in the following tables.



Total booked hours for computers has increased more than twenty-fold and the number of terminals required to meet this demand has increased six-fold (State Library of New South Wales, 2006).

The New South Wales Government, through NSW.net and the *connect.nsw* strategy has provided an electronic information network linking Councils and public libraries throughout NSW. This enables the community to access many Government electronic services free of charge regardless of their location. The network provides access to the Internet, selected databases, and in many instances, email facilities.

Though it was once envisaged that the new technologies may allow libraries to become smaller, there has actually been a need for additional space to locate the technology, which includes computer training rooms, large areas for public access catalogues, dedicated computerised work stations for staff and additional storage for audiovisual material and CD-ROMS. Again, another stressor on already stretched budgets.

The 2005 edition of “People Places” states that what is important for library stakeholders, is *not what is going to happen with information technology but rather making sure that public libraries are ready and able to take full advantage of the opportunities that are presented by technology.* This requires a vision and a commitment to providing dedicated infrastructure that will provide the technological services need by the community, as they become available.”

### ▪ **E-government**

Australian government agencies are making increasing use of the Internet for service delivery. Public libraries in rural and metropolitan NSW provide public access to the Internet and are experiencing increasing demand from clients who want to access government services online.

*Public Libraries + eGovernment 2004* reports that most libraries report increased client use of individual government websites, both for content information and process or transaction based purposes. As a result, government online services have created a largely invisible demand on public library services

This exercise in cost shifting has resulted from government agencies putting their services online to provide better access to their users and to streamline their own operations. Most agencies do not understand that their actions place extra burdens on public libraries including:

- assistance to access web sites, manage booking systems
- collection of fees for printing etc
- supervision of terminals
- technical assistance
- preparation of finding aids.

The resourcing implications for public libraries have been considerable and it is anticipated that the trend will continue.

### ▪ **Our multicultural society**

Almost one in five people in NSW were born in countries where English is not the first language. In some communities in Sydney, more than half of the residents were born in non English speaking countries. Libraries have responded to the increasing demand from diverse and emerging communities through the introduction of LOTE collections and literacy classes.

Public Libraries promote social inclusion. They are accessible to all; they celebrate diversity and promote community development practices such as community engagement and participation. They reflect local community identity and through programmed activities, can provide social connection for users.

### ▪ **Our Indigenous community**

In many communities, public libraries play an important role in the promotion of Aboriginal culture, with many holding special collections of books, audiovisual materials and periodicals about Aboriginal and Torres Strait Islander people. Several public libraries located in communities with large Indigenous populations are working to ensure that they are attractive, welcoming and relevant to all members of their community.

The incorporation of Aboriginal art and cultural activities into public libraries has also played a major role in encouraging indigenous users and must continue in order to facilitate the increased use of public library resources by Aboriginal and Torres Strait Islander people.

### ▪ **Changing structure of NSW Coastal and Rural Communities**

Coastal NSW is expected to grow at a faster rate than the rest of NSW to 2051 (Mackintosh and Parr 2004). There is particular growth in the retired aged group population but also amongst young families. Servicing the demands of these diverse needs, in areas where public transport is often absent and communities are dispersed provides major challenges.

Coastal libraries have a higher than average turn over of stock which obviously impacts on library budgets as material wears out more quickly (Jones 2006).

▪ **Impacts of urban consolidation**

The policy of compact cities in order to reduce the spread of the Sydney region is made possible through increasing housing densities in strategic locations throughout Greater Sydney, the Central Coast, Illawarra and Hunter regions.

Libraries feel the impact of this urban consolidation, particularly in areas with a concentration of unit development. There is clear evidence of increased demand for study space and reading areas in public libraries because the lack of available space at home.

#### **4. Why other Government spheres might want to respond**

##### **The NSW Government position**

The previous Premier announced enhanced funding for public libraries just prior to the 2003 election. This strategy was planned to lift annual library funding from under \$21 million to nearly \$26 million a year in 2006-07. This meant the annual allocation would have risen by over 50% from the \$16.7 million in 1995.

Since that time the Commonwealth Grants Commission determinations resulted in a significant shortfall for the NSW Government which had to be managed through the 2004-05 budget process. As a result, savings were applied consistently across all NSW Government agencies. In this context, public library funding has been effected like other government funding. Nonetheless funding for public libraries continued to increase over what it could have been.

As announced in the NSW Budget, the Public Library Grants and Subsidies allocation has been reduced by \$1.023m to \$23.528m for 2007/08. This follows on from the reduced allocation for the Public Libraries Grants and Subsidies in 2006/07 of \$24,551,010. (This was a reduction from the \$24,799,000 of 2005/06 as a result of the 1% Budget reduction for 2006/07).

To manage budget reductions and population increases the Library Council decided that the funds needed be taken from the Library Development Grant funds. However, Library Council noted this reduction in the Library Development Grant funds is not optimal as the grants play an important role in the ongoing development of public libraries. Library Development Grant fund is just over \$3 million. With the impact of the Budget cuts and the increasing population there will be approximately \$839,000 less funding available for this program in 2007/08.

From another perspective, the NSW State Government and the LGSA have signed their third Cultural Accord. The Accord runs from 1 January 2006 to 31 December 2008. *Cultural Accord 3* mentions public libraries in the following way:

- Local and State Government will advocate for all spheres of government to work together to develop and provide up-to-date, easy to use and accessible public library and information services for their communities.
- In recognition of the important cultural collections held by Local Governments, to jointly encourage greater integration of the operation of Local Government cultural facilities including libraries, museums and art galleries.

Finally, the State Plan launched in November 2006 can be supported through public libraries. Public libraries are effective avenues for the achievement of many of the goals in the State Plan, including the following:

- 'Invest in parenting support to help parents develop the skills they need to instil respect and responsibility in their children' through Parenting collections, Early reading and literacy programs (e.g. Let's Read and Book Start) and Premier's Reading Challenge
- 'Increase the involvement of young people in community and cultural activities' through Homework help centres, Reading clubs, Youth selection panels for library resources and Youth-targeted programs and events
- 'Support local councils, community groups and our schools to initiate cross-cultural and inter-faith activities' through Indigenous and cross-cultural collections and programs, English as a Second Language (ESL) collections and services

- ‘Encourage participation in community and cultural activities (e.g. sports, volunteering, arts)’ through Friends of the Library organised activities, Meeting facilities, exhibition spaces and community noticeboards, and Access to Local and Family History information
- ‘More active promotion of events, sports and community and cultural facilities’ through established and effective links with local media and community groups
- ‘Improved access to artistic and cultural activities’ through Extensive opening hours including evenings and weekends and Wide network of access points across rural and metropolitan NSW, including mobile services to remote communities

### **The Opposition position**

The latest Opposition position was set out in the NSW Liberals/National Coalition policy document *Investing in Our Public Libraries* in the lead up to the 2007 NSW election. This position was widely commended in Local Government circles.

This policy recognises the integral role that public libraries have in the educational, economic and social needs of the community and the community’s right to access a high quality library service.

This policy provides for an additional \$28 million dollars over the next four years to:

- purchase additional resources;
- improve access to the Internet;
- improve infrastructure, technical and professional support and development for staff;
- increase access to programs and services that target students; and
- allow for the development of partnerships.

### **General financial capacity**

Local Government’s financial capacity to maintain existing services and infrastructure is already stretched. In many instances councils are being forced to cut services and defer critical infrastructure expenditure.

This has been confirmed and rapidly accelerated by the recent Independent Inquiry into the Financial Sustainability of NSW Local Government, chaired by Professor Percy Allan. The Inquiry has found that there are a number of pressing problems that need urgent attention. The biggest of these is a huge backlog in infrastructure renewals (over \$6 billion), which is expected to grow to almost \$21 billion within 15 years if the annual renewals gap (the difference between the rate at which councils’ physical assets are depreciating and the rate at which they are being replaced) stays at around \$500 million per annum.

This report concludes that NSW Local Government needs to find an extra \$900 million a year to overcome its infrastructure crisis. \$400 million of this would go in debt charges to service a \$5.3 billion debt raising to overcome the infrastructure renewals backlog problem (excluding water and sewer assets). The remaining \$500 million would be used to close the annual gap between what is spent on renewing assets and what is actually consumed in assets as measured by their depreciation.

This extra \$900 million a year does not take account of the additional infrastructure needed in future to accommodate a larger population that is shifting to new growth centres. Nor does it take account of the higher standards of service, and therefore public assets, that people increasingly demand of their councils.

Further, it does not address the special problems of rural councils, which, because of their vast road networks and narrow rate bases, will only survive with increased grant funding.

The Inquiry found that 25% of NSW councils are financially unsustainable into the future under current policy settings. A further 50% of councils are at risk and only around 25% are in a strong position.

The current situation is the result of several factors including:

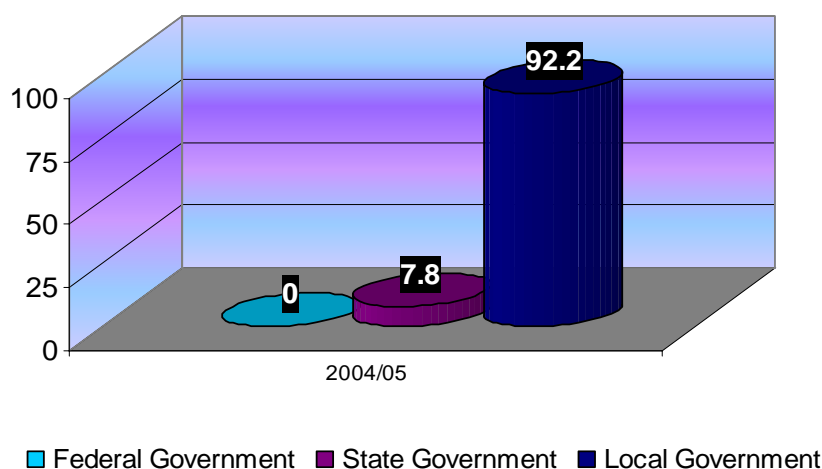
- cost shifting
- rising community expectations
- increased standards and compliance requirements
- revenue constraints such as rate pegging
- the inadequacy of financial support from Australian and NSW Governments.

It should be noted that Local Government only receives 5% of national public financial resources (total taxation collected by all 3 spheres of government).

Given the financial situation, the capacity of many councils to continue to provide, maintain and develop public library facilities, collections and services is under threat. If Local Government is to be in a position to maintain existing public libraries and develop new library services to meet growing demands amidst all the other competing council functions, it will need increased general financial assistance from the Australian and NSW Governments.

### Revenue Sources

Public libraries in NSW are principally funded by Local Government with an annual subsidy received from the State Government. Additional State Government funds are available through a competitive grants program. No library funding is received directly from the Australian Government. The situation in 2004/05 is demonstrated below:



### State Government Funding

In 1980 state government funding accounted for 23.6% of the total funding required to operate the NSW public library network. Since that time this contribution has declined significantly and now comprises approximately 7.8% of total funding.

Year	State Government Expenditure		Total Local Government Expenditure	
	Total	% of whole	Total	% of whole
1980	\$8.5M	23.6%	\$27.5M	76.4%
1990	\$13.1M	12.6%	\$90.9M	87.4%
1998/99	\$16.7M	8.0%	\$191.8M	92.0%
2002/03	\$21M	8.8%	\$217.3M	91.2%
2003/04	\$22M	8.4%	\$240M	91.6%
2004/05	\$22.4M	7.8%	\$265M	92.2%

At the same time membership of public libraries increased from 35% to 48% of the total NSW population. This represents a 37% increase in membership levels. During the same period the state government levels of funding as a percentage of the total funding dropped by nearly 70%.

Since 1980 local government expenditure has increased by a staggering 864% while during the same period state government funding has increased by 164%.

The demands on public libraries are increasing as demonstrated by library visitation statistics. The ABS records a 4% growth in the attendance of people aged 18 and over between 1999 (38.1%) and 2002 (42%).

In its report *Libraries in the Online Environment* the Senate Environment, Communications, Information Technology and Legislation Committee recommended:

“Where there is shared responsibility for public library funding between state and local government the Committee recommends that the states significantly increase their share of public library funding, moving towards matching local government levels of contribution.”

### **Budget case 1: Avoiding negative implications**

Without adequate funding, there is a serious risk that libraries will fall behind in meeting community demand and individual councils may indeed choose to opt out of restrictions placed upon them by the *Library Act*, thereby forgoing the subsidy funding but opening the way to a situation in which core library services, even the provision of library materials, will be charged for.

By postponing the decision to address the inadequate funding, the cost of rectifying it is escalating and decades of investment by the State and Local Government will be compromised.

The following are all possible outcomes:

- Failure to comply with *Library Act 1939*, and *Library Regulation 2005*, through inability to maintain free services as required by the Act.
- Reduced capacity to meet current community demand, and increasing levels of unmet demand
- Fragmentation of the Public Library Network, resulting in loss of network advantages, loss of value for money
- Inequitable distribution of funds for library and information services between State and Local Government
- Increasing threats to the sustainability of small communities
- Inequitable access to library and information services across the state
- Impairment of the educational and social roles of the Network

LGSA cannot hope to work in cooperation with the NSW Public Library Network, to develop and disseminate information resources on cultural planning and to strengthen local and regional cultural networks, in the present context where public libraries do not have the resources to tackle this type of work.

There cannot be increased collaboration between local and regional cultural services and greater access to information, training and networking for cultural organisations, if public libraries are not given the finance to undertake the role.

The relationship between Local Government, State Government and the State Library is seriously compromised by the present level of State Government funding of 7.8%, a contribution too low to enable the Network to meet its commitments as a partnership and that undermines the viability of the Network.

Given the increasing shift from State Government to Local Government in the funding of public libraries there is a real threat that some LGAs may withdraw from the *Library Act* and charge for services. This is probable in rural NSW where citizens are already disadvantaged by isolation and an ongoing reduction in community infrastructure. Rural citizens already have access to lower levels of library service provision.

### **Budget case 2: positive outcomes for NSW Government from greater Investment**

The NSW Public Library Network can clearly demonstrate how increased funding will be used to achieve appropriate service outcomes for the people of NSW.

The Network has a strong track record in measuring and reporting service and performance levels. For almost 40 years the Network has collected statistical and other information to monitor and report on service delivery and development. The results are published annually in *Public Library Statistics*.

The Public Libraries Evaluation Group, established in 1989, works with the NSWPLN and the State Library to foster and promote evaluation methodologies to improve the quality, accountability and profile of public library services. The 1993 *Local Government Act* further developed management within councils and their public libraries.

The Network has undertaken quantitative research for many years. This is now complemented by an increasing emphasis on qualitative research, as demonstrated by numerous client research projects and user/non-user surveys. Such an example is *Sustaining Communities, Measuring the value of public libraries*, a research project currently being coordinated by the NSW Public Library Network Research Committee.

The Network will continue to develop and extend this commitment to ensure that the State Government is in receipt of current qualitative and quantitative data to track the progress and development of the NSW Public Library Network and the return on its investment.

In return for State Government assistance to promote, provide and maintain free and equitable public library services, NSW Local Government guarantees further commitment to social justice agendas, cultural development, education and training and community access.

The NSW Public Library Network is a high value, high profile, widely distributed and cost efficient means of ensuring that the community has equitable access to library and information services. However, it is a network that is in immediate financial need and this should be addressed by the State Government without delay.



## 5. Conclusion

The public library is present in rural, coastal and metropolitan communities, both large and small. It offers *all* citizens a safe venue in which they can pursue their social, cultural, education, leisure and information needs. The public library in NSW is a much loved and used resource with some 50% of the population registered borrowers and many more casual users.

As well as being of importance to the community there is an increasing demand for programs that:

- Provide training in how to use and access information via the Internet and print resources.
- Provide information literacy training and access to new technologies with hardware, software, online services and training in a safe and supportive environment.
- Support community online businesses by developing and storing content, providing information/resources for the production of content, providing a place for experimentation with new multimedia products and providing state wide access.
- Support and develop early literacy
- Provide curriculum support including homework assistance and HSC seminars
- Support for people from Culturally and Linguistically Diverse backgrounds
- The provision of collections and services to assist in the pursuit of Life Long Learning

The financial limitations for many of the soon-to-retire 4.3 million baby boomers will drive demand up even further.

The realisation of these programs is not possible within the current funding constraints. We therefore, reiterate our request that the State Government provide for significant increase in State Government funding for Public Libraries, as one of the most important institutions throughout the State. One which has the capacity, if adequately funded, to help bring social justice to our communities, whether metropolitan, regional or rural.

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## **APPENDIX 1: EXTRACTS FROM LGSA POLICY STATEMENTS**

### **VISION**

Local Government commits to pursuing the Australian vision of a fairer, more just and more equal society.

Local Government recognises that unless the pursuit of economic development is accompanied by both strong support for social justice and strong support for ecologically sustainable development (ESD), the Australian vision of a fair, just and equal society will be diminished.

For Local Government 'social justice' is based on the application of the following four principles:

- *Equity* - fairness in the distribution of resources, particularly for those in need
- *Rights* - equality of rights established and promoted for all people
- *Access* - fair access for all people to economic resources, services and rights essential to their quality of life
- *Participation* - opportunity for all people to genuinely participate in the community and be consulted on decisions which affect their lives.

Local Government acknowledges and supports:

- the Universal Declaration of Human Rights (especially Article 25, which recognises that everyone has the right to a standard of living adequate for their health and wellbeing including food, clothing, housing, medical care and necessary social services)
- the International Covenant on Economic, Social and Cultural Rights (the right to social security, the right to a reasonable living standard, the right to food, the right to education, the right to housing, the right to health, the right to work and the right to rest and leisure)
- the International Covenant on Civil and Political Rights (freedom of speech, and other civil and political rights).

Local Government further acknowledges and supports the Commonwealth and State legislative frameworks that reflect these international instruments, such as the *Race Discrimination Act (C'th) 1975*, *Sex Discrimination Act (C'th) 1984*, *Disability Discrimination Act (C'th) 1992*, *Anti-Discrimination Act (NSW) 1977*, *Library Act 1939* and the like.

### **MANDATE**

Local Government social/community planning and community services play important roles in contributing to the physical, psychological and social health, welfare and wellbeing of citizens:

Local Government is the appropriate sphere of government to take a lead role in social/community planning and community services for its citizens because:

- it is in the best position to identify and respond to the unique needs of the local area and diverse populations within the area
- it is easily identifiable and democratically accountable (through Management Planning, Land use planning and social/community planning requirements and ultimately the election process) to the community for the nature and quality of services provided
- it has a capacity for flexibility and adaptation
- it actively develops strategies that encourage social cohesion or social capital, build stronger and more self-reliant communities and deliver positive economic outcomes.

Local Government's charter involves providing directly or on behalf of other governments adequate, equitable, appropriate, efficient and effective services, and facilities, after consultation (Section 8 *Local Government Act* 1993 as amended).

...

The Charter emphasises that local government is a sphere of government with an essential and legitimate role in managing the local environment and in providing the variety of services that local residents require.

Local Government can choose to involve itself in the provision, management or operation of the following service functions (amongst others): community services; public health; cultural, educational and information services; public transport; sport, recreation and entertainment; and housing (Chapter 6 *Local Government Act* 1993 as amended).

Local Government has a long history in certain types of community service provision, predating or anticipating the present legal mandates, some elements of which can be traced back to the 19<sup>th</sup> century, some to the mid-20<sup>th</sup> Century and the balance to the 1970s (see *Resourcing communities* 2000).

...

#### **DEFINITION**

Local Government uses the term "Community Planning and Services" to cover:

- community and social planning
- community development and/or service development activities flowing from social/community planning and/or leading to any of the facilities and services listed in the subsequent points.
- general community facilities and services (such as welfare services and/or support and development services for various specific age or target groups),
- cultural services (such as cultural facilities and programs, inclusive of public library and information services),
- health services (such as immunisation and early childhood health centres),
- recreation facilities and services (such as open space, sports and swimming facilities)
- housing (such as facilitating affordable and appropriate housing, and providing or supporting housing services).

...

#### **Library and information services**

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Local Government recognises that the right to free and equitable access to basic information is a cornerstone of our democratic society.

Local Government recognises that public libraries are centres for free and equitable access to basic information and therefore for learning, literature, heritage, knowledge and cultural activities that are critical to the development of well informed and vibrant communities.

Local government recognises that public libraries are safe, convenient and accessible community spaces that encourage interaction and information seeking.

Local Government recognises the value of the NSW Public Library Network, which comprises 383 local public libraries, including the State Library of New South Wales.

Local Government:

- acknowledges all spheres of government must work together to develop and provide up-to-date, easy to use and accessible public library and information services for their communities
- acknowledges public libraries have an essential role in the community giving equitable access to local and worldwide information, to collections and works of creative

imagination which will encourage participation in cultural, democratic and economic activities

- recognises the role of libraries in the dissemination of council and other community information
- recognises and respects community and cultural diversity in the provision of library collections, services and activities that reflect local information, education and recreation needs.
- ensures individuals and communities have, without bias, access to information on any subject
- Ensures that all age groups have access to library materials, in a range of formats, relevant to their needs
- Acknowledges that public library services should be provided to those who are unable to visit
- Recognises the local public library network, including the State Library, as the major community access point to information and communication technology and training, and welcomes Commonwealth or State initiatives to support this access
- Recognises the role of public libraries in supporting literacy.

**Local Government seeks:**

- Commonwealth and State Government fully acknowledge the significant and long-term commitment Local Government has and continues to demonstrate in funding, planning, managing and supporting public library and information services in NSW
- State Government significantly increase the State's share of the total funding to local public library services to redress the burden that has been shifted to Local Government and to the NSW Public Library Network as a whole, to ensure it matches international and national benchmarks and meets unmet community demand for services
- Commonwealth Government provides significant ongoing funding to enable equitable public access to information technology.

**Cultural planning and development**

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Local Government recognises culture encompasses our diverse heritage and avenues of expression in the environment, leisure, work and daily life, architecture, arts, history, language and education which people use to express their fundamental character and aspirations.

**Local Government:**

- recognises creating liveable communities is fundamental to Australia's social well being, long-term ecological sustainability, and economic prosperity
- acknowledges that innovation and creativity are critical to the sustainability and growth of communities
- recognises the right of individuals and communities to determine their own cultural identity by promoting consultation and encouraging participation
- supports the development, integration and promotion of cultural expression within communities to protect against the homogenising effects of globalisation
- recognises strategic cultural planning is a key initiative enabling local communities to respond to changing social, environmental and economic needs, and to address the increasing demand for cultural resources
- fosters local economic development by promoting a community's cultural strength and uniqueness
- identifies, provides or facilitates the provision of facilities, services and programs which meet the cultural needs of communities
- recognises that access to cultural experiences should not be impeded by geographical

location or on the basis of gender, marital status, sexuality, language, culture, race, religion, disability, status or age, and that those groups at the margins of society require special assistance to prevent their further disenfranchisement

- recognises Indigenous Australians are the custodians of their cultures, and as such, only they have the right to make decisions about the use and reproduction of their cultures and such decisions should occur with the full and informed consent of the relevant custodians, and where appropriate, be informed by customary law and traditional practice.

**Local Government seeks:**

- Commonwealth and State Government acknowledge the significant commitment Local Government has in funding, planning, managing and supporting cultural development in NSW.
- Commonwealth and State Government provide significant ongoing funding to enhance regional and local cultural development, and cultural facilities, services and programs.

Local Government  
Association of NSW



Shires Association  
of NSW

# THE IMPACT ON LOCAL GOVERNMENT OF THE PROPOSED FRAMEWORK FOR DEVELOPMENT CONTRIBUTIONS

LOCAL GOVERNMENT & SHIRES ASSOCIATIONS OF NSW  
FEBRUARY 2008

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## Executive Summary

This paper presents the Associations views on the proposed new Infrastructure contributions framework. The paper has been prepared following meetings with Government Ministers and more specifically the meeting with the Co-ordinator General of the Department of Premier and Cabinet. The response is based on the advice contained in Department of Planning Circular PS 07-018 issued on 6 November 2007 and the subsequent Ministerial Direction in relation to new contribution plans within the Growth Centres issued on 20 December 2007. The Associations have consulted widely with councils in preparing this response. Four council case studies are presented to demonstrate the potential implications for different categories of council.

Councils have expressed serious concerns about the potential reduction in the level of development contributions that they will be able to collect. Initial advice indicated that the reductions in Growth Centre councils would be around 40%. They are equally concerned about the narrowing of the range of basic community infrastructure to which development contributions could be applied to the immediate proximity of a particular development or precinct. The new provisions would exclude proportionate contributions to community wide infrastructure such as swimming centres, community centres, libraries and sporting facilities.

Development contributions provide a significant proportion of the funding required to meet the increased demands for community infrastructure generated by development and associated population growth. If curtailed the fear is that councils will not be able to deliver the required infrastructure or that it will be subject to protracted deferral. This would mean that communities would increasingly have to make do with crowded, inadequate and substandard facilities.

The introduction of Section 94 (s94) contributions in the Environmental Planning and Assessment Act 1979 was an enlightened initiative of the then state government (although complications meant that they were only fully utilised since 1989). The underlying principles are soundly based in equity and efficiency. The principles and operation of s94 contributions have subsequently been tested several times and have been reaffirmed and reinforced by judicial and administrative reviews.

Section 94 plans are a transparent and disciplined mechanism for raising revenue for infrastructure. The principles of nexus and apportionment are rigidly applied under the framework that ensures that contributions are applied to infrastructure specified under the s94 plan.

The Associations question the conventional wisdom that reductions in development contributions will result in lower prices for new homes. There is a considerable body of expert economic research that challenges that conclusion. This includes the findings of the *Productivity Commission Inquiry Report into First Home Ownership (2004)* which concluded that *"the claimed cost savings and improvements in affordability from reducing reliance on developer charges for infrastructure appear overstated"*.

The proposed changes also appear to have been developed without consideration of the current financial context of NSW Local Government. Local Government is under financial duress. This has been confirmed by the Independent Inquiry into the Financial Sustainability of NSW Local Government, 2006, (LGI). A key finding of the inquiry was that NSW Local Government has accumulated a huge infrastructure renewals backlog of \$6.3 billion that continues to grow by \$500 million per annum. This is considered by many to be a conservative estimate. More recent estimates place this estimate at over \$7 billion and growing by around \$600 million per annum. Key reasons for this include; rate pegging and other financial constraints on Local Government; the decline in relative Commonwealth and state financial support for Local Government; expanding roles and responsibilities and increasing community expectations.

With much effort having gone into defining the infrastructure crisis facing Local Government, initiating responses and building partnerships to address the problems – the government's proposals to severely cut development contributions towards local infrastructure represent a major setback.

The proposed changes will greatly exacerbate the infrastructure funding crisis. With s94 funding for new or growth infrastructure curtailed there will be greater demands on the funding currently directed to the backlog of infrastructure renewals.

The Associations have called on the NSW Government to defer the introduction of the new framework until a full social and economic assessment of the proposed changes are assessed and alternative financing alternatives are established. That call is reinforced by this submission.

# 1 Development Contributions – Background

## 1.1 What are s94 contributions?

The provisions of section 94 of the *Environmental Planning and Assessment Act* 1979 enable councils to levy development contributions to provide a means of funding local infrastructure and services that are required as a result of new development. Section 94 is an efficient means of reducing the impact of future development on the financing of public amenities and services as it internalises the impacts to individual developments.

Section 94 is essentially a ‘user pay’s charge, which is related to the needs of the community rather than the individual. s94 contributions provide a portion of the funds required to meet the demand for infrastructure arising from population growth. Section 94:

- enables the timely provision of facilities which benefit new development;
- avoids the creation of backlogs in the delivery of services; and
- shares the cost of infrastructure equitably among those benefiting from the development.

Section 94 was introduced into the Environmental Planning and Assessment Act in 1979 and has operated successfully since 1989 once impediments were removed, to provide councils with the necessary funds to meet the demands on local infrastructure that is attributable to the new population moving into the area.

## 1.2 What can be funded via s94?

Section 94 can only be levied to fund the capital costs of facilities, including land acquisition costs. The only recurrent funding is for the ongoing maintenance of roads serving a particular development e.g. mining site. (insert types of infra funded)

Ongoing maintenance and recurrent costs must be met from councils’ other revenue sources. Thus councils must carefully consider whether they are able to fund the recurrent costs associated with new infrastructure or additions to existing infrastructure from their existing revenue sources.

## 1.3 Rules governing s94 contributions

The levying of s94 contributions is undertaken within a framework of:

- Environmental Planning and Assessment Act.
- Environmental Planning and Assessment Regulation.
- Two Ministerial directions and a comprehensive series of practice notes (14 practice notes covering s94, 2 practice notes for s94A and 1 practice note for planning agreements)
- Court decisions relating to s94 contributions plans and levies.

Councils must comply with all of the above statutory requirements and court decisions when making s94 plans, collecting levies and expending these levies on local infrastructure projects. Section 94 levies are appealable in Court. Councils must:

- Exhibit for public comment their draft s94 plans which set out the quantum of the contributions (per lot, unit) and a works schedule of the projects to be funded via the plan);
- Ensure that s94 funds are separately accounted for including interest earned on those funds;

The rules around the levying, collection and management of s94 levies ensure that it is one of the most transparent and accountable forms of revenue raising of any level of government.

## 1.4 Key principles of s94

The key principles underpinning s94 plans are those of ‘nexus’ and ‘apportionment’, which are the accepted test (in court) of whether a s94 contribution is reasonable or not.

**Nexus** - councils must be able to prove there is a nexus between the development and increased demand for public facilities. Under the current rules, councils do not have to rely on a spatial nexus such as is proposed in the new rules. This means that councils can build higher quality and centrally located facilities within the district or region which are accessible to (but not necessarily spatially close to) both the existing and future population.

**Apportionment** – councils must calculate the additional demands arising from new development and determine the ‘portion’ of those costs so that the new population only pays for its share.

These principles ensure that both the quantum of s94 levies and the projects that they fund are directly and readily related to the demand for additional infrastructure arising from population growth.

The current system provides councils with the flexibility to choose to build new infrastructure, where so required, or to expand existing facilities where it is more economic to do so. The new rules, however, will result in councils being unable to collect s94 levies from new developments and expand or augment existing facilities that are not spatially related to the development. As an example, levies will not be able to be collected from a new residential development on the fringe of a regional city to expand an existing pre school or library in the centre of town – even though this would be the most economically efficient and effective means of meeting the infrastructure needs of the new residents.

The new rules are likely to significantly affect councils’ capacity to upgrade infrastructure in existing urban areas, and undermine the Government’s Metro Strategy target of accommodating 60-70% of Sydney’s growth in existing suburbs.

## **2 What is wrong with the revised development contributions framework?**

### **2.1 The revised framework will not make housing more affordable**

One of the stated aims of the revised framework is to reduce the cost of housing by limiting development levies on new housing. However, this rationale is unsupported in principle and in practice. The Independent Inquiry into the Financial Sustainability of NSW Local Government (LGI) in its Interim Report found that:<sup>1</sup>

“The principle of developer contributions is a sound one. Developer contributions are efficient and equitable. They are efficient because they set charges that should reflect the real costs of local public infrastructure needed to support a private development and so ensure that such a development does not occur when its total costs exceed its total benefits in both a private and public sense. Also, they provide a mechanism for financing development.

They are equitable because the charges are borne by the beneficiary of the works. The major beneficiary is the owner of the land on which the development is made. As shown in Abelson<sup>2</sup>, when the supply of land for urban housing is fixed and the price of housing land exceeds its value in alternative uses, as is usually the case in NSW, developer charges reduce the price of land. When the supply of housing land is fixed, the number of new houses supplied is independent of developer charge. The price of new houses is determined by the relative attractiveness of the new housing compared with the existing stock of housing. This relative attractiveness is not affected by charges that the developer has paid.

However, developer charges have to be paid from somewhere and, in general; development is a competitive business so the charges cannot come out of developer profits. Faced with developer charges, developers bid less for land. Of course, if developers already hold land, they pay the extra charge as the landowner. In the absence of developer charges, the land price would be substantially higher. This would be inequitable because the landowner has contributed nothing to this higher price.

In practice, there can be problems in the application of developer charges. There needs to be a nexus between the charges and the development and it can be hard to determine in advance exactly what costs will be involved. Special problems arise when development incurs ‘lumpy’ infrastructure. It can also be difficult to identify marginal incremental costs when development occurs in established areas. Many councils simplify administration of developer contributions by estimating an average rather than marginal or project specific cost for a new development

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<sup>1</sup> LGI, Interim Report, Section 9.4, p177.

<sup>2</sup> Abelson P, *The Real Incidence of Imposts on Residential Land Development and Building*, Economic Papers, 1999, Vol.18, 85-90 and Abelson P, *Taxation and Subsidies for Housing and Land: Market Impacts and Economic Efficiency Implications*, Paper presented to 34<sup>th</sup> Annual Conference of Economists, 2005, Melbourne.

In a working paper on developer charges for the Inquiry, Dollery<sup>3</sup> concludes that developer charges have worked well and that there is a strong case for expanding them.”

The proceeding discussion refutes the most common criticism that developer charges add to the cost of housing, particularly impacting on first home buyers. These arguments are supported by the Productivity Commission’s *Inquiry Report into First Home Ownership* (March 2004) which found:

While infrastructure charges, like other costs of bringing housing to the market, have increased over time, they cannot explain the surge in house prices since the mid-1990s. The claimed cost savings and improvements in affordability from reducing reliance on developer charges for infrastructure appear overstated:

- Most categories of charges are both justified and desirable on efficiency/equity grounds;
- Housing affordability should not be significantly affected by greater reliance on upfront charging as opposed to charging over time;
- Developer charges for those items of social or economic infrastructure that provide benefits in common across the wider community have generally been relatively small; though such infrastructure should desirably be funded out of general revenue sources; and
- Even if the cost of providing infrastructure to new developments were shifted onto the wider community, housing affordability might not be greatly enhanced.

Developer charges and contributions for infrastructure should be:

- *Necessary*, with the need for the infrastructure concerned clearly demonstrated;
- *Efficient*, justified on a whole-of-life cost basis; consistent with maintaining financial disciplines on service providers by precluding over-recovery of costs; and
- *Equitable*, with a clear nexus between benefits and costs, and only implemented after industry and public input.

Those imposing developer contributions and charges should:

- Follow guidelines based on these principles and be subject to independent regulatory scrutiny;
- Provide for ‘out of sequence’ development if developers are prepared to meet the cost consequences;
- Be open to proposals for alternative infrastructure arrangements that meet the needs of the households concerned;
- Allow appeals on the amounts charged, or their coverage; and
- Be accountable for how money raised from charges is spent.

The Associations support the conclusion that developer contributions are efficient, equitable means for funding infrastructure and that they do not significantly impact on housing affordability.

The argument that the changes are motivated by the objective of increasing the affordability of new housing also undermined by:

- The absence of any mechanism that would ensure that any savings are passed on to new home buyers.
- The state governments parallel expansion of provisions to apply State Infrastructure Contributions (SICs) beyond the North Western and South Western Growth Centres.

From the Department of Planning & Natural Resources Practice Note (July 2005) –  
“Social equity and affordability have been recognised in previous reviews of s94 where it was found that the extent (if any) of increase in the price of land was dependent among other things on the cyclic period of the land market. These reviews have concluded that when s94 contributions are reasonably applied, they amounted to a marginal increase which did not negate the need for such contributions.”

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<sup>3</sup> Ibid.

## **2.2 There will be a significant loss of future revenue to provide for local infrastructure**

The combination of the expected loss of revenue, together with rate pegging and other constraints on Local Government finances, means that council funds available to be spent on local infrastructure will be substantially reduced. Councils are unlikely to be able to make up the shortfall by other means.

The degree of loss experienced by councils varies substantially across the sector. Councils experiencing growth will be more adversely affected.

Case studies have been prepared to highlight the impacts on different types of councils of the new rules for development contributions.

**Further details of each of the councils – based on actual data provided by each type of council – are available at Appendix A.**

<b>Type of council</b>	<b>Average Levy</b>	<b>Loss of funds under s 94 Plan</b>
Rural	\$6,000/lot	\$4.5m
Coastal Growth	\$4,500- 8,500/lot	\$82m
Urban Fringe	\$28,000 /lot or \$5,000/unit	\$76m
Inner City	\$8,000-\$19,000/lot or \$11,000/lot	\$55.5m

Councils have estimated that they will experience significant revenue loss due to the new rules, varying from \$4.5m to \$82m over the life of their s94 Plans.

This average levy varies amongst councils, with levies in Sydney considerably higher than in rural/ coastal areas. This is expected due to higher land values and development costs. The Coastal council has estimated the highest loss of funds over the length of its Plan, which may reflect the level of growth anticipated in that area and the lack of existing local infrastructure to cope with the incoming population.

## **2.3 The current understanding of nexus between the proposed development and population growth has been compromised**

Council's current Section 94 Plans outline in considerable detail the nexus between the proposed development and the demand for local facilities based on the expected increase in population due to that development. This understanding of nexus has been developed over a number of decades and has been tested and developed by the Land and Environment Court.

The new regime abandons this well-established principle, and imposes a less sophisticated and generally applied rule that is clearly ill considered. The new framework rejects the fundamental principle that new residents and users will use facilities within the council area that will not necessarily be located in close proximity to that development. The levies only attribute a proportion to such facilities recognising that other users will also use those facilities, both other new residents and some existing residents, depending on the pattern of growth. Nevertheless, the accumulation of these small levies in some communities often provides the catalyst to the development of these council wide facilities.

This example also demonstrates the trend to co-locate facilities within district hubs in small to medium sized communities, which is both economically efficient and reflective of community preference for higher quality and centrally located recreational and community facilities.

## **2.4 Types of facilities that can be funded are unnecessarily restricted**

The new framework unnecessarily restricts the type of facilities able to be funded, disallows the augmentation and upgrading of certain existing facilities and limits the location of new facilities to an arbitrary narrowly defined 'precinct'. These changes do not reflect the communities use and preferences for local facilities.

The result of these changes is that types of facilities that are considered appropriate for communities will not be able to be provided, expanded (or updated) to reflect community preferences. The new framework is uneconomical and overly simplistic, relying as it does on a strict definition of what constitutes 'local' i.e. spatially related.

The revised framework is clearly modelled on the new release areas in the Growth Centres. The application of this model – including the imposition of a new State Infrastructure Contribution – has been done with little or no appreciation of the impacts on other areas of the State or infill development sites.

The four case study councils have identified amenities that cannot now be provided under the revised framework. These include:

- Recreational facilities including indoor sporting facilities, swimming pools and leisure centres. All district centres excluded with some smaller centres depending on context;
- Passive open space including land purchases of nature reserves;
- Upgrading or improvements to local open space; and
- Multi purpose centres including senior citizens centres and youth facilities and cultural centres such as visitor centres, art galleries and libraries.

The s 94 Plans of the Rural, Coastal and the Urban Fringe councils indicate that there is a need for open space and community centres to be provided at a district level to respond to the need for higher quality facilities than that provided by the local corner park.

The s 94 Plans for the Inner City council require public domain improvements such as the upgrading of pre-existing parks and services including street improvements. As these facilities are considered to be embellishments none of these improvements will be allowed under the new framework, despite the demand for these facilities by new residents.

Summary of specific problems with the new rules:

- They will not provide the range of facilities identified in the current s 94 Plans that are needed and demanded by the community;
- Communities require expenditure on a wider range of types of local facilities and the augmentation and upgrade of such, based on existing infrastructure, demographic change and community preferences. The new formulistic approach is too rigid to reflect local needs and differences, especially in established areas.
- Land and Community facilities can only be funded under s 94 that can be located within close proximity of the development. This may not be the appropriate location for certain services and yet the centre may be well used by the new inhabitants of the development. It may be impossible or impractical to locate new facilities in close proximity to proposed in established areas. Augmentation of existing facilities is often the preferable option in a location further afield.
- The exclusion of council- wide sporting, recreational and community's centres under future s 94 Plans is contrary to the current trend across the sector to co – locate local facilities within district hubs or at regional locations. This trend provides local services at a higher quality and in a more economical way, responding to the community's preference for choice and increased accessibility. The new residents benefit from these facilities irrespective of whether they are located contiguous to the development site or a short distance.
- Sporting facilities, recreational areas and natural reserves are planned and provided for at a district or council wide level to meet environmental and 21<sup>st</sup> century standards. The new regime will inadvertently give rise to the unorderly provision of services given councils' financial limitations. Small scattered 'pocket parks' and services will be approved that will be expensive to build and maintain and will fragment communities.
- The standard of local facilities will be lowered as many types of facilities will not be able to be augmented or upgraded to provide for the needs of the incoming residents. It is a sensible use of funds to extend existing facilities in central locations rather than fund small single purpose facilities on the periphery of new developments.

## **2.5 Development contributions funds will be taken out of councils control**

The new framework will transfer the management of funds for s 94 Plans from councils to the State Treasury. This is an unjustified serious breach of councils' autonomy and right to manage its own funds.

Funds collected via s94 contributions are strictly managed and are separate to council's general revenue. Allegations that councils have misspent, or not spent this money fast enough, are unjustified. The amount of money in these accounts fluctuates year by year. Given that each project pays towards a proportion of the cost of a facility a development cannot proceed until the combined levies from a range of subdivisions or

developments have been collected, together with other funds (including loans). Further, the inference that councils are using the interest on such funds to finance other council activities is unfounded. Interest earned on funds raised under a s94 plan must be reapplied to the plan.

The variation over time in the quantum of s94 funds held by councils is well demonstrated in relation to the case study of the Coastal Growth Council. The level of s94 funds as a proportion of its annual capital works budget has varied from 3% to 65% - depending on construction commitments, the timing of developments and the need to accumulate a certain level of funds prior to proceeding with major infrastructure projects.

## **2.6 The limitation of 7 years to spend s 94 Funds is unnecessarily restrictive**

The new framework requires councils to spend their funds within 7 years, which is an arbitrary time period and at odds with the requirements of other State agencies.

Currently councils are being encouraged by the Department of Local Government to adopt an Integrated Planning and Reporting system. This will include ten year financial plans and asset management plans. In addition, existing Section 94 Plans generally have a life of between 10 to 20 years. Based on both these models the proposed seven year plan is unrealistic and out of step with these strategies.

On a practical level some projects take more than seven years to plan, design and construct, particularly in areas where growth rates are not consistent or where levies must be collected from a number of different and/or small developments.

## **2.7 Some councils have committed to facilities that will be jeopardized by the changes**

It is unclear what the impacts will be on projects that have already commenced and are reliant on the future collection of s94 contributions for funding. It is not uncommon for councils to borrow funds to fund major infrastructure projects in anticipation of recovering those funds via future s94 contributions.

The information from the Department of Planning's circular regarding transitional arrangements is unclear as to how such projects will be managed. Given that large community facilities take considerable lead time to plan and execute, it is of serious concern to councils how projects that have already commenced will be funded.

These arrangements are of particular concern if councils are required to revise their plans within a limited time period. In this case, it is essential that works already approved for s94 funding be allowed to be continued to be funded for the life of the existing plan.

## **2.8 The application of the state levy will crowd out local levies**

The new framework not only limits s94 contributions but also introduces a new State levy on development in all greenfield release areas across NSW – not just the Growth Centres as is now the case – as well as existing urban areas.

This represents a major new levy on development at a time when councils are being asked to reduce their s94 contributions due to the supposed impacts of development contributions on housing affordability.

There are many aspects of this new two tiered approach to levying for infrastructure that need to be debated and fully considered prior to implementation. Establishing the process for preparing infrastructure plans, determining the quantum of local and state levies and coordinating major infrastructure projects at the state, regional and local level are significant issues.

# **3 Financial Context of NSW Local Government**

## **3.1 Financial Sustainability**

NSW Local Government is under financial duress. This has been confirmed by the Independent Inquiry into the Financial Sustainability of NSW Local Government, 2006, (LGI), which found that approximately:

- 25% of NSW councils are not financially sustainable under current policy settings;

- 50% are potentially vulnerable; and only
- 25% are in a relatively strong financial position.

A key finding of the inquiry was that NSW Local Government has accumulated a huge infrastructure renewals backlog of \$6.3 billion that continues to grow by \$500 million per annum. This is considered by many to be a conservative estimate. More recent estimates place this estimate at over \$7 billion and growing by around \$600 million per annum.

The Inquiry estimated that Local Government would need to increase revenues by at least \$900 million per annum to deal with the backlog and ongoing renewals. This does not include the additional revenue required for growth infrastructure or to deal with demands for improved services.

There are several, sometimes interrelated reasons for this financial situation, including:

- Rate pegging and other legislative constraints on councils fees and charges;
- The decline in Commonwealth and State financial support for Local Government relative to economic growth (GDP, GSP) and the growth in national taxation revenues;
- The expanding roles and responsibilities of Local Government, a trend explicitly recognised by the Commonwealth Grants Commission, The Hawker Report and other reviews;
- Cost and responsibility shifting onto Local Government by the State and Commonwealth Government. Again a trend recognised by the Hawker Inquiry and subsequently acknowledged by the national *Intergovernmental Agreement Establishing Principles Guiding Intergovernmental Relations on Local Government Matters*, (2006); and
- Scope to improve Local Government financial and asset management practices.

**The central issue is the inadequacy of Local Government's revenue base to meet the demands being placed on it.**

Councils are responsible for over \$70 billion worth of public physical assets. Around 75% of this is made up of the roads and bridges network. Other major Local Government infrastructure includes:

- Water and sewerage
- Stormwater drains ( with major renewal backlogs in many older established areas)
- Libraries, community and administration buildings
- Sporting facilities and swimming centres.

All categories are suffering major infrastructure renewal backlogs.

## **3.2 Specific Financial Constraints and Impositions**

### **Rate Pegging**

Until recently, NSW is the only jurisdiction to apply rate pegging to Local Government rates (the Northern Territory has recently adopted rate pegging). As a result, rate growth in NSW has lagged all other jurisdictions over the last 10 years and NSW now has the lowest rates per capita. The Associations maintain that rate pegging is an unnecessary intervention that distorts the operation of the rating system and produces negative consequences. Not the least of which is the direct and indirect suppression of the rating effort.

The Associations advocate removal of rate pegging. However, as an interim measure the Associations have advocated the use of a Local Government specific cost index as the basis for determining the rate pegging limit. This would help ensure that the rate pegging limit more accurately reflects the real cost movements faced by councils. This would help provide certainty and as a published index, it would provide the transparency that is now lacking.

### **Fees and Charges**

NSW councils are increasingly moving towards full cost recovery and commercial pricing policies where this is appropriate and where council has the discretion. Development contributions have also come to be an important source of funding for growth related infrastructure. Many Local Government fees and charges remain regulated by NSW legislation. The Associations advocate the relaxation such regulations.

### **Exemptions and Concessions**

The Associations are calling for a review of rate exemptions and concessions. The scope of exemptions in NSW is currently too wide and exemptions granted to charities, benevolent institutions, schools and



churches need to be more accurately targeted. Many of the exemptions originated in the late nineteenth and early twentieth century and it is questionable whether they are appropriate under modern institutional arrangements.

Remaining exemptions to some of the commercial activities of the NSW Government should also be eliminated. This includes the commercial plantations of Forests NSW. National Parks should also be required to make contributions in lieu of rates to councils.

Pensioner rate concessions should be fully funded by the State or Commonwealth Government. We understand that NSW is the only jurisdiction that requires councils to fund nearly half the cost of these concessions. Welfare and income support are the province of the Commonwealth Government and state and territory governments who are able to spread the cost of such assistance more equitably over a broader revenue base.

### **3.3 Key issues for the future financing of Local Government**

The measures listed above will not fully alleviate the financial deficiencies of NSW Local Government.

Rating is the only taxation measure available to Local Government and accounts for approximately 36% of total revenue in NSW. This narrow taxation base places a severe restriction on a Local Government's capacity to raise revenue generally. Further, the rating base varies significantly between Local Government areas, an aspect only partially addressed by the horizontal fiscal equalisation principles of the Local Government grants process. Unlike the Commonwealth Government and state governments, Local Government does not have the flexibility to spread its taxation effort over a suite of taxation tools.

The restricted taxation base has led to a growing reliance on fees and charges but this avenue of recourse is reaching its limitations. User charges are the second largest source of revenue and already represent 34% of Local Government revenue in NSW. Local Government already achieves a much higher cost recovery ratio than other spheres of government from the application of user fees and charges. On a national basis, the cost recovery ratio for Local Government is 37% compared to ratios of 4.3% for the Commonwealth and 12.2% for the states. This partly reflects the type of services provided by Local Government. However, it also suggests that Local Government is already maximising its use of fees and charges and that there may be limits to the extent that Local Government can increase its cost recovery efforts. Apart from general community resistance to ever increasing fees and charges, there are important equity and governance considerations. Many council services, by their very nature, cannot be provided on a cost recovery basis. Further, the opportunities to raise revenue in this way vary significantly between councils.

Given the high degree of vertical fiscal imbalance in the Australian taxation there needs to be a substantial increase in financial assistance from the Commonwealth and the states to Local Government. The LGI and other studies have demonstrated how grants have fallen well behind economic and national taxation growth.

At the same time, the Associations recognise that there is a need for councils to improve their own performance. The Associations are currently working in partnership with the Department of Local Government, the Local Government Managers Association and the Institute of Public Works Engineers Australia on concerted programs to improve financial and asset management practices.

There have been major initiatives in recent years to address the infrastructure crisis. However, it takes time to; raise awareness; shift attitudes; and change cultures within councils, state and federal governments and the broader community. There has been significant progress. With much effort having gone into defining the infrastructure crisis facing Local Government, initiating responses and building partnerships to address the problems – the government's proposals to severely cut development contributions towards local infrastructure represent a major setback.

The proposed changes will greatly exacerbate the infrastructure funding crisis. With s94 funding for new or growth infrastructure curtailed there will be greater demands on the funding currently directed to the backlog of infrastructure renewals.

## **4 Importance of Development Contributions in Funding Local Infrastructure**

It has been argued that development contributions represent only a small proportion of Local Government revenue and therefore the proposed changes will have only a minor impact. The Minister has stated that development contributions represent only around 3% of council revenue.

The Associations are not aware of the source of this data and question its accuracy. The Department of Local Government Comparative Statistics 2005/06 records indicate that Contributions and Donations represent 9.5% (\$693 m) of Local Government income. Admittedly, this revenue category contains items other than s94 contributions, but development contributions are the major component. This indicates that development contributions are likely to be greater than 3% of revenue.

The other problem with this argument is that it overgeneralises. The importance of s94 contributions varies significantly between councils and over time depending on the level of development activity.

**Table 1: Composition of Local Government revenue by council category, 2003/04 (%)**

Area	Rates and annual charges	User charges and fees	Interest revenue	Grants	Contributions and donations	Other revenue
Sydney City	53.7	17.7	4.6	1.8	4.8	17.5
Metropolitan developed	57.6	14.1	3.7	9.8	8.0	6.7
Regional town/city	43.4	19.4	4.0	16.3	14.6	2.3
Fringe	51.9	14.6	3.9	13.2	13.6	2.7
Rural	32.3	18.9	3.4	31.9	11.6	1.9
NSW total	47.6	16.8	3.8	16.0	11.5	4.2

Source: LGI, Final Report, Section 9.2, p196 (Table 9.2).

Based on surveys conducted by the Associations, developer contributions represent between 5-10% of total revenue in some cases. And more relevantly, it represents a much higher proportion of capital expenditure. Over 30% in some instances. Responding councils indicated that rates would need to rise by an average of 12% to compensate for the reduction in s94 contributions. Clearly, the potential financial impacts cannot be dismissed as insignificant.

In addition, it is likely that the Contributions and Donations revenue category understates the value of contributions in either case. There is a question of whether it accurately reflects dedications and works in kind that are frequently very significant.

## 5 Impact of New Rules on Councils

In November 2007 The Associations requested feedback from councils of the expected impact that the announced changes would have on the operation and implementation of their current s 94 Plans.

Councils have based their assessment of the implications of the changes based on the Circular from the Department of Planning (PS 07-018). Subsequently, a number of responding councils were requested to review their initial responses in light of the additional information provided in the Ministerial Direction in relation to New Local Contributions Plans Within the Growth Centres.

Numerous councils responded to the survey. Questions in the survey covered:

- The current situation- s94 funds, plans and projects
- Average s94 contributions per lot or unit;
- Impact of announced changes;
- Financial impact of proposed changes; and
- Overall comments

From the wide range of responses, four case studies (using actual council data) have been chosen to assist in demonstrating the impacts of the changes on a typical:

1. Coastal Growth council;
2. Rural Council;
3. Urban Fringe Council and
4. Inner City council.

## 5.1 Case Study One: Coastal Growth Council

### 1. Current Situation

#### 1.1 How many s 94 plans do you have?

- One comprehensive plan for whole of LGA

#### 1.2 List Types of works are funded by the plan.

The LGA is divided into a number of precincts. The following works apply to each Precinct. The levy varies for each precinct to reflect variations of demand and need for those facilities. The types of facilities include:

- Public Open Space Facilities improvements including foreshore rehabilitation and cycleways
- Active Open Space including sports and leisure facilities
- Cultural and Community Facilities
- Civic Administration Facilities
- Road and Traffic Facilities
- Environmental Monitoring Equipment

#### 1.3 Approximate amount of funds is collected by Plan/s per year?

Average cash contributions collected

- over past 5 years (i.e. 2002-2007) \$2,110,405
- over past 10 years (i.e. 1998-2007) \$2,635,029
- since life of Council's Section 94 Plan (i.e. 1994-2007) \$2,313,483

Average Section 94 contributions collected including cash and land dedications

- over past 5 years (i.e. 2002-2007) \$3,111,287
- over past 10 years (i.e. 1998-2007) \$3,344,250
- since life of Council's Section 94 Plan (i.e. 1994-2007) \$2,837,712

Average Section 94 income including contributions collected and interest earned

- over past 5 years (i.e. 2002-2007) \$3,813,654
- over past 10 years (i.e. 1998-2007) \$3,943,942
- since life of Council's Section 94 Plan (i.e. 1994-2007) \$3,316,458

#### 1.4 Levies collected under Section 94A

Nil.

#### 1.5 Average levy paid per lot/unit

- ***An average for the Precincts is \$7,000 per dwelling/allotment***
- The levy varies from \$4,500 to \$8,500 per dwelling/allotment over the eight precincts.
- Additional levies may apply within a Benefit Area.
- A levy for land dedication or payment in lieu is applicable to greenfield development (subdivisions) only.

#### 1.6 Proportion of capital expenditure is funded by levies

- \$77m or 67% of the total facilities under the current S94 Plan of \$115 m is funded from development contributions.

#### 1.7 How much funding is in council s 94 funds and are they earmarked for development in the foreseeable future? Answer approximately or as a proportion of yearly expenditure.

- The proportion of Section 94 facilities that contribute to the annual capital works budget varies each year. This is due to construction commitments, timing of development and need to accumulate the total funds to proceed with the facility in relation to large projects. The proportion ranges considerably and can be as high as 65% of the total capital works budget or as low as 3%.
- On average over one third, or 37%, of the capital works budget will be spent on S94 facilities until 2018 per year.

### 2. Impact of announced changes

**2.1 What types of facilities (works) will not be able to be funded by the levy?**

- Libraries improvements to the main and branch libraries;
- District open space and facilities and local Open space and embellishments including upgrading of local playgrounds;
- Upgrading of intersections outside the immediate vicinity of the site; and
- Drainage catchment work outside the immediate vicinity of the site.

**2.2 What is the approximate value of these facilities as listed above**

- \$82 m
- In Precinct X the levy will be reduced from over \$8,500 per lot to \$3,500. See Table below for figures applicable to Precinct X.
- Other precincts drop more significantly the need for local roads is not required, and open space embellishments are not allowed to be levied. For example, Precinct Y drops to \$0, and Precinct Z drops to \$500.

S94 Facility	\$ Value of Facility		Precinct X \$Levy	
	Current	Proposed	Current	Proposed
Passive Open Space	\$15m	\$6m	\$1,873	\$1,167
Sports & Leisure Facilities	\$20m	0	\$1,838	0
Cultural & Community Facilities	\$35m	\$5m	\$1,931	\$493
Road & Traffic Facilities	\$24m	\$9m	\$2,250	\$1,754
Drainage Facilities	\$13m	\$13m	0	0
Other Facilities & Services	\$7m	0	\$816	0
<b>Total</b>	<b>\$114m</b>	<b>\$33m</b>	<b>\$8,708</b>	<b>\$3,414</b>

**2.3 What is the expected loss of total value of proposed infrastructure under the Section 94 Plans?**

Total cost of facilities under s 94 Plans	Loss of s94 funding for facilities	% loss of funding
\$115m	\$82m	70%

**2.4 An estimate of the loss (in \$ terms) of s94 and s94A funds due to the revised infrastructure contributions framework.**

- The annual loss to Council is expected to be over \$2.5 m per annum.
- The loss of income over life of the Plan is approximately \$30m.

**3. Relation to Rate Revenue**

**Estimate the \$ and/or % increase in rate revenue required to make up the loss of development contributions.**

In the order of 13% rate increase based on 2007 figures.

**4. Overall conclusions**

**What do you think will be the greatest impact of the changes on your community/council?**

- Likely loss of very significant community assets at the district-wide level, which the community (through the adoption of several plan revisions) has come to expect
- Will engender mistrust of long-term planning for orderly, equitable facility provision and penalises Councils which have planned well
- Precinct-based facilities are likely to require higher operating costs, through duplication and inefficient utilisation of resources.
- There is a community demand for 'one stop shop' community facilities which would be classified as city-wide facilities due to the increased mobility of residents and a desire for higher quality facilities with a diverse range of uses

**5.2 Case Study Two: Rural Council**

**1. Current Situation**

**1.1 How many Section 94 Plans do you have?**

7.

**1.2 List Types of works funded by the plans.**

Community centres  
Libraries  
Visitor's centres  
Animal facilities  
Art Gallery  
Small parks  
Sporting facilities e.g. ovals  
Community gardens  
Natural reserve upgrades

**1.3 Approximate amount of funds is collected on Plans per year?**

Approximately \$550,000 per year since 2002.

**1.4 Levies under Section 94A**

No.

**1.5 Average levy paid per lot/unit**

Approximately \$6,000 per lot

**1.6 Proportion of capital expenditure funded by levies?**

In general terms 20% for district services as per plan.

**1.7 How much funding is in council s 94 funds and are they earmarked for development in the foreseeable future? Answer approximately or as a proportion of yearly expenditure.**

Council has less than \$3 m held for proposed works. All money is allocated to specific designated projects.

**2. Impact of announced changes**

**2.1 What types of facilities (works) will not be able to be funded by the levy?**

As some projects are staged impacts will be experienced with the completion of some projects. Projects that are not yet commenced that may be cancelled or delayed are listed below.

**2.2 What is the estimated loss of funding for community facilities due to the announced changes?**

Total cost of facilities	Loss of value of facilities	% loss of funding
Indoor sporting facilities	\$1.7m	
Nature Reserve Upgrades	\$ 1.6m	
Multi Purpose community centres such as senior citizen centres and youth facilities	\$1.1 m	
Total	\$4.5m	78%

*The value of facilities that are unlikely to be provided are in the order of \$4.5m. This represents about 78% of works listed under the s94 Plans. .*

**3. Relation to Rate Revenue**

**Estimate the \$ and/or % increase in rate revenue required to make up the loss of development contributions.**

Approximately 10% over two years would be required. It will take approximately six years to recover from the loss if the rate increase is allocated exclusively to the proposed works.

**4. Overall comments**

**What do you think will be the greatest impact of the changes on your community/council?**

Significant facilities will not be provided to the detriment of the community.

Given that the levies are reasonably low and provide relevant services targeted to the community's need it is considered inefficient and inequitable to reduce the levies randomly to meet a general formula that is to apply to the whole state.

## 5.3 Case Study Three: Urban Fringe Council

### 1. Current Situation

#### 1.1 How many Section 94 Plans do you have?

17

#### 1.2 List Types of works funded by the plans.

- i. Release Areas
  - Local Roads & Traffic Management Works and land
  - Trunk Drainage and land
  - Biodiversity Embellishment
  - Community Facilities
  - Community Facilities Land
  - Local Open Space Facilities and land
  - Street Trees
  - Conservation Embellishment and land.
- ii. City Wide
  - Cultural facilities
  - Library
  - District Open Space
- iii. City Centres
  - Parking
  - Traffic Management
  - Trunk Drainage
  - Community Facilities
- iv. Established Areas & Rural & Suburb Specific
  - Neighbourhood Centre
  - Local Open Space Embellishment
  - Footpath

#### 1.3 Approximate amount of funds is collected on Plans per year?

Between 2001/02 and 2006/07

Cash \$4.44m

Works in kind \$3.36m

#### 1.4 Levies under Section 94A

No. However a draft s94A plan is being prepared for Industrial & Commercial Areas.

#### 1.5 Average levy paid per lot/unit

\$28,000 - Total Average /per lot for release areas

\$5,000 - Approximately per unit for infill areas

#### 1.6 Proportion of capital expenditure funded by levies?

\$7.2m s94 funds are budgeted to be spent on capital projects for the 2007/08. This represents a total of 15% of Total Capital expenditure.

#### 1.7 How much funding is in council s 94 funds and are they earmarked for development in the foreseeable future? *Answer approximately or as a proportion of yearly expenditure.*

\$18 m of which \$7m is earmarked for expenditure in 1-2 years with the remainder in 2-5 years.

### 2. Impact of announced changes

#### 2.3 What types of facilities (works) will not be able to be funded by the levy?

District Open Space

District sporting facilities e.g. new fields and amenities, swimming pools and playing fields (including all weather multi purpose sports facilities);

Upgrading of existing stadiums and indoor facilities;

Performing and cultural facilities

Library Facilities  
Local Open Space that needs to be upgraded (called embellishment).

**2.4 What is the estimated loss of funding for facilities to the community due to the announced changes?**

Total cost of facilities	Loss of funding of facilities	% loss of funding
Cultural \$14.6 m	\$3.9m	25%
Local Open Space \$9.4m	\$9.4m	100%
District Open Space	\$62.5m	100%
Total	\$76m	100%

*\$76m of current proposed works will not be able to be funded under s 94 contributions due to the changes.*

*The above figures show the breakdown for each facility. In relation to cultural facilities already three quarters of funds have been collected for designated cultural projects. The remaining one quarter of funds is required to proceed with the identified projects such as cultural and community centres.*

**3. Relation to Rate Revenue**

**Estimate the \$ and/or % increase in rate revenue required to make up the loss of development contributions.**

Financial services advice is that if a capital project was required to proceed then funds would be found in existing budgets (from future savings or loan borrowings).

**4. Your overall comments**

**What do you think will be the greatest impact of the changes on your community/council?**

Growth Area Councils within metropolitan Sydney will deliver 276,000 (or 43%) of the new dwellings that the State Government is planning for. The communities will need district open space and facilities, these facilities will not be able to be levied under the new changes.

**5.4 Case Study Four: Inner City Council**

**1. Current Situation**

**1.1 How many Section 94 Plans do you have?**

One city wide.

**1.2 List Types of works funded by the plans.**

- Community centres
- Child care/ Long day care centres
- Library premises, extensions and acquisitions
- Sporting facilities such as district swimming pools and sport centres
- Open space and upgrading of open space
- Public domain improvements
- Traffic improvements
- Replacement of lost affordable housing

**1.3 Approximate amount of funds is collected on Plans per year?**

The amount of monies collected under the contribution plans has varied from \$1.7m to \$4.3 m per annum over the last four years.

**1.4 Levies under Section 94A**

Not applicable

**1.5 Average levy paid per lot/unit**

The levy varies across the LGA. They include the following:

- Dwelling houses vary from \$8,000 to \$19,000, with a 3-bed dwelling averaging \$14,500.
- Units vary between \$6,500 to \$19,000, with a 2-bed unit averaging \$11,000
- Commercial floor space averaging \$7,800 per 100 m<sup>2</sup>

**1.6 Proportion of capital expenditure funded by levies?**

Levies pay for 75% or \$80m of the total proposed works (\$107m) under the s 94 Plan.

**1.7 How much funding is in council s 94 funds and are they earmarked for development in the foreseeable future? Answer approximately or as a proportion of yearly expenditure.**

Council currently holds in a specific S 94 account less than 10% (or \$6.6m) of the total contributions able to be levied under the Plan. These funds are proposed to be spent in accordance with the Plan over the next two years.

**2. Impact of announced changes**

**2.5 What types of facilities (works) will not be able to be funded by the levy? What is the value of these works?**

Total cost of facilities	Loss of funding of facilities
Community e.g. Community centres, libraries	\$4.5 m
Sporting Facilities e.g. swimming pools	\$1.5
Public Open Space (embellishment)	\$21.5m
Public Domain improvements	\$28m
	Total \$55.5m

**3. Relation to Rate Revenue**

**Estimate the \$ and/or % increase in rate revenue required to make up the loss of development contributions.**

It is anticipated that Council rates would have to be increased by approximately 20% to recoup the potential loss in funds able to be levied under Section 94.

**4. Overall comments**

**What do you think will be the greatest impact of the changes on your community/council?**

- There is lack of clarity of how the principles of the new regime will apply to infill development and hence inner city councils. There are specific problems with reducing the argument of nexus to a small locality given that infrastructure is uneven in built up areas, density increases can be uneven across the LGA and the opportunity to improve infrastructure based on available land not location per se. Providing discretion to locate relevant facilities on available land and in suitable locations is more important than spreading facilities over the LGA based on a formula approach.
- Improving existing infrastructure is critical in growing, well-established areas to cater for increases in population growth and demographic change. Hence being able to upgrade (or embellish) existing open space (whether local or district) is an essential part of basic infrastructure provision in built up areas. These services cater for the incoming residents and their family needs.
- The revised model is predominantly geared for Greenfield sites and accordingly, it is not appropriate in its application to established areas.
- Council's s 94 Plans generally operate for 10 to 20 years. Whether the new Plans approved by the Minister will override the existing is critical in whether uncompleted works will be 'rolled over' into the new plans.

## **6 Infrastructure Funding Revenue Alternatives**

There has been little explicit discussion about the revenue raising implications resulting from the proposed restrictions on development contributions. Any reference to revenue raising implications and options was noticeably absent from the DoP circular announcing the new framework and subsequent documentation. We also understand that there was no consultation with the Department of Local Government, the agency with the most knowledge of Local Government finances, on the proposed framework during its development.

In subsequent discussions there have been various references to financing implications and possible alternatives. Discussion has ranged from the viewpoint that certain infrastructure will no longer be provided, or that there will be lengthy deferrals in the provision of infrastructure, to the viewpoint that the infrastructure can simply be funded through other revenue streams.

Some have argued that it is more appropriate to raise replacement revenue for infrastructure funding through increased rates. An extension of this line of reasoning is that councils should borrow funds to provide the infrastructure and repay the debt over time with the increased revenue stream generated by higher rates, fees and charges. At the same time there have been conflicting statements from the government both



indicating support for increased rates and denying support for rate increases rate increases to replace development contribution shortfalls.

As noted, the changes will have varying impacts on different councils with the largest impact in those Local Government Areas experiencing proportionately high levels of population growth and development. Our survey has indicated that there would need to be substantial increases in rates to compensate for the reduction in development contributions in many areas.

While the changes may result in the cancellation of some planned infrastructure, growing community demands and political processes will inevitably result in councils seeking to find alternative funding options for local infrastructure. In the absence of increased Commonwealth or state funding for local infrastructure, the focus will be on rates.

If rates are to be utilised to replace the reduction in s94 funding the rate pegging regime would need to be removed or relaxed. At a minimum this would involve:

- New arrangements that provide greater certainty to Applications for Special Rate Variations (increase over and above the rate pegging limit) based on demonstrated infrastructure requirements. While it has been argued that the government has been reasonably accommodating in its considerations of applications in recent years, the process remains discretionary.
- Greater flexibility to apply Special Rates to certain precincts or developments and differential rating for different precincts and communities. Special rates need to be accompanied by Special Variations if they are to provide for a net increase in council revenue under rate pegging.
- More opportunity for approval of long term variations. This is currently provided for up to 7 years in certain circumstances. This should be extended to at least 10 years as councils move to adopt Long Term Financial Plans (10 years +).
- Adoption of a Local Government specific cost index as the basis for determination of the generic rate pegging limit. This index would be designed to more accurately reflect the actual cost movements experienced by Local Government rather than Consumer Price Index (CPI) and Wage Cost Index (WCI) movements.

The revised system would need to provide councils with the options of increasing rates across the board or for targeting rate increases to the communities that will directly benefit from certain infrastructure expenditure.

Rate increases are not a panacea for the reduction in development contributions. There are a number of issues and constraints that need to be considered. These include:

- Equity. It is questionable whether it is equitable to require established populations to pay higher rates to cover the costs of providing the additional infrastructure required to meet the demands generated by new development and population growth. It can be argued that established populations have already contributed to the costs of the existing facilities that serve their needs through rates, previous development contributions, fees and charges. Further, new developments do not subsidise the costs of facilities for existing communities. New developments only contribute their proportion of the cost of providing amenities; the rest is funded by the existing community through rates, previous development contributions and other revenue.
- Impact on Pensioners and other Fixed Income Earners. Extending the equity argument, the impacts of additional rates on pensioners and other fixed or low income earners needs to be taken into account. Is it fair that these rate payers should subsidise the costs of the infrastructure needs of a new population? It should be noted that the maximum Pensioner Rate Rebate provided for in the Local Government Act has remained at \$250 since at least 1993. While many of the people may have assets locked up in the value of their home, many are cash poor.
- Capacity to Pay. The current Productivity Commission review of Local Government Revenue Raising Capacity has confirmed the view that a councils revenue raising capacity at least partly depends on the fiscal capacity (after tax aggregate income) of the community. Fiscal capacity differs across Local Government. The ability to make up s94 shortfalls via rate increases will vary between councils.

- **Willingness to Pay.** The Productivity Commission has also found that the main constraint on the revenue raised by councils appears to be the democratic process itself, reflecting their communities willingness to pay. This will vary between councils.
- **Scale of Rate Increases.** A survey of 20 councils conducted by the Associations has indicated that rate increases in the range of 3% to 30% would be required to make up for the potential reduction of s94 contributions. The average of the sample was around 12%. This would be over and above normal rate pegging increases and any Special Rate Variations required to make up for any existing infrastructure renewals backlog. This would severely test willingness and capacity to pay.
- **Community Opposition to Development.** An unintended consequence of the proposed changes to s94 is that it will fuel community opposition to development if the expected consequence is higher rates for the existing population. Along with general willingness to pay, this will lead to pressures to restrict additional rate increases to the newly developed areas.
- **Debt Aversion.** As previously noted, debt, serviced by increased rates or special rate based levies is a potential response to the curtailments of s94 contributions. However, debt is political unpopular in all spheres of government. While it may be a rational way of financing long term infrastructure, this is not widely appreciated by the broader community who tend to perceive debt as a sign of poor financial governance. This view has been reinforced by the obsession of successive state and federal governments with reducing debt. Debt aversion is likely to result in infrastructure denial or deferral in many cases.
- **Infrastructure Renewals Backlog.** The LGI finding that there is a Local Government infrastructure renewals backlog of \$6-7 billion has already been noted. If there are to be substantial increases in rates, it is more responsible for them to be applied to addressing identified infrastructure renewals backlogs rather than funding new infrastructure. This is actually what is happening with most recent Special Rate Variations being based on infrastructure renewal requirements.
- **New Home Buyers will Pay Increased Rates.** While it is doubtful whether reductions in s94 contributions will result in the reduction of new housing prices, it is certain that they would pay increased rates if councils are required to finance the development contributions shortfall.
- **Overreliance on Rate Revenue.** Curtailing the use of development applications further constricts Local Governments already narrow revenue base. It is likely to create increased reliance on rates, the only taxation tool currently available to Local Government.

## 7 Outstanding questions

There has been considerable confusion across the sector of the details of the new framework, especially in areas outside the Growth Centres. The Associations are concerned that the policy direction was based on a level of misunderstanding of current practice across the sector with an undue focus on a small number of anomalous examples where councils have been alleged to apply unreasonably high levies. There has been concern that there has been misunderstanding of the application of s 94 Plans and that information has circulated that has exaggerated the scale of levies across the sector.

There have also been conflicting reports about the balance of s94 funds held unspent by councils. The larger figure quoted has inadvertently combined s64 (water and sewerage headworks) contributions with s94 contributions inflating the figures unreasonably.

Given that all Section 94 Plans are in the public domain it would have been more positive to the reform process, to focus on the few areas of concern that the state government may have had with the system, than overturn the system across the sector. The majority of existing s94 Plans are reasonable and uncontested. The broader public interest is not served by imposing sweeping changes with negative consequences.

The new framework has been devised for the release areas for Growth Centres on the western fringe of Sydney. There is considerably less detail on how it is to apply outside the Growth Centres, if it were to be applied.

Given that the Metro Strategy envisages that 60% to 70% of growth to Sydney will occur within established areas, this is a major oversight. Other key impacts of the model will be on coastal and regional centres also

undergoing significant growth. In reality, the majority of growth is occurring outside the Growth Centre and yet the impact of the changes has been barely considered.

It would assist further consideration of the proposed framework if answers to the following questions would be provided.

### **Lack of Funding to provide for Local Infrastructure**

- a. How will local facilities excluded from the revised framework be funded? This includes facilities already committed to by councils to be funded under s 94 contributions?
- b. How will councils be able to plan for and provide for local infrastructure growth as required under the Metro Strategy and other Regional Plans?

### **Application across the sector**

- a. What is the process for determining State Infrastructure Contributions? Will they be applied across the sector?
- b. How will the new framework be applied to Greenfield sites outside the Growth Centres and infill development in established areas?
- c. Will the new framework affect s94 A Plans?
- d. Will the new framework affect the basis that Planning Agreements are negotiated on?
- e. Will the new framework as applied to infill development adopt the definition of Precinct and the list of types of public amenities and services that may be included in s 94 Plans as outlined in the Minister's Direction for Growth Centres?
- f. How will the 2 step process of collection of levies be undertaken? How will the levy be applied at Stage 1 (point of sale), when mostly options are entered into by developers before DA consent is required? Who and how will this levy be assessed prior to the DA process is entered into to, and what will be the process of determining the development potential of the land without a DA? Will this apply to all rezonings? Will councils obtain and benefit of this levy collected at Stage 1?

### **In relation to Growth Centres**

- g. The policy facilitates the discounting of levies in growth centres to promote development? Will this apply elsewhere and to what extent? How will this be determined?
- h. The reference to 75% of attributable infrastructure is based on what figures?
- i. How will the Acceleration Protocol determine 75% of the 'modified range of infrastructure costs'? Is this a proposed transitional arrangement prior to the Plans being downwardly modified?
- j. How and on what basis, will levies be applied to applications under the 'objective gateway test' based on sustainability criteria?
- k. What procedures and protocols will be established for councils to access their money held in the Urban Improvement Fund or in Trust by Treasury? On what criteria will the Department determine whether monies are held in Trust for councils on a case by case basis? Will councils be charged interest or management fees on these accounts? Will Local Government funds held in trust earn interest?

### **Transitional Arrangements**

- l. Will there be allowances made in Amending Plans for existing types of facilities to be funding under s 94 for a period of time?
- m. How will levies under the revised framework be applied to existing infrastructure that has been paid for by councils, such as purchase of land for open space, be collected? Will provision for recoupment for existing purchase be allowed? If not, how will councils be able to purchase the land earmarked for open space at the time of rezoning?



New South Wales

Principles for  
regional programs  
by State  
Government cultural  
institutions

An initiative of the  
NSW Arts Advisory Council

The Hon. Bob Carr, MP  
Premier, Minister for the Arts  
and Minister for Ethnic Affairs



Ministry for the Arts  
December 1997

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## Introduction

*The principles set out in this document are intended to guide the development of programs in regional New South Wales by the New South Wales Government's cultural institutions.*

The principles have been endorsed by the Premier and Minister for the Arts as a high priority for the Government. They began as an initiative of the New South Wales Arts Advisory Council. A number of key commitments in the Government's *Cultural Development Policy* (March 1995) as well as recommendations in the *Review of Regional Arts Development in New South Wales* (Macdonnell Report, 1996) are embodied in the principles.

The aim of the New South Wales Government is to build enduring relationships between the Sydney-based institutions and museums, galleries, performing arts centres and other cultural organisations in regional New South Wales. The Government's cultural institutions are:

Archives Authority of New South Wales	State Library of New South Wales
Art Gallery of New South Wales	Museum of Applied Arts and Sciences
The Australian Museum	Sydney Opera House
Historic Houses Trust of New South Wales	

While it is recognised that these institutions are already co-operating and working with regional, local and community organisations, the Government believes that it is imperative to move to an enhanced level of collaboration. The implementation of these principles will give a sharper focus and a greater impetus to the work of the cultural institutions in supporting communities and organisations in regional New South Wales.

The Arts Advisory Council has identified a number of areas where regional services might be improved, such as staff exchanges, skill sharing, collection surveys, travelling exhibitions and performances. Other opportunities will arise as the principles are adopted and implemented. It is intended that the regional services provided, or assisted, by the cultural institutions in accordance with these principles will complement, rather than duplicate, the work of organisations such as Museums Australia, the NSW Regional Galleries Association and Arts on Tour.

The Premier has commended these principles to the governing boards and trusts of the cultural institutions as a framework for planning and collaboration across the arts portfolio. The institutions will be expected to explore, as a matter of priority, ways in which they can be implemented. Ideally this will lead to the establishment of formal and informal partnerships between the institutions and selected regional organisations.

The principles recognise:

- the importance of local needs and interests;
  - the need to develop local skills and networks, as well as activities which reflect local history and culture;
  - the need for regions to develop their own cultural activities and infrastructure;
  - the need for compatibility of collection information;
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- the need to work collaboratively to conserve, document and interpret moveable heritage collections across New South Wales;
  - the importance of local cultural activity in attracting tourism and strengthening local economic development; and
  - the importance of retaining moveable heritage within the communities and regions from which it is derived.

Building on these principles will be a two-way process, benefiting both the Sydney-based cultural institutions and regional communities.

*For the purpose of these principles, 'regional New South Wales' may include western and south-western Sydney.*

## **The principles**

### **1 *The Government's cultural institutions should develop and maintain a range of collaborative activities with arts and cultural organisations in regional New South Wales.***

These activities may include:

- collaborative exhibitions and performances developed jointly by the Government's institutions and regional, local and community organisations;
- internships, staff exchanges and skills sharing;
- programs and studies for the benefit of moveable heritage collections;
- joint documentation and collection survey projects;
- collection management; and
- design and conservation projects.

### **2 *Regional programs developed by the Government's institutions should take into account the needs and interests of local communities and cultural organisations.***

Regional communities should be consulted and closely involved in the planning of the programs and partnerships for their region.

### **3 *Regional programs developed by the Government's institutions should foster the development of professional skills in local organisations.***

The Government's institutions have resources and skills which can be shared with organisations across the State for the benefit of regional communities.

For example, staff of regional museums and galleries, both paid and volunteer, should, as far as possible, be involved in the development of regional projects initiated by the State's collecting institutions. These would include exhibitions, collection-based projects and education programs. Preference should be given to collaborative projects which are likely to improve the skills of people in the regions.

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**4** *Regional programs should add to the development of collaborative networks across the State.*

They should build long lasting co-operative links between the Government's institutions and regional New South Wales.

**5** *The Government's collecting institutions should ensure that the content and narrative of their exhibitions and other interpretive programs reflect, where appropriate, the people, places and cultures of the whole of New South Wales and not just Sydney or other large cities.*

Increased understanding between the city and the country should be a key goal in such programs.

**6** *The collection management strategies of the Government's institutions should take into account the activities of local and regional museums and galleries which manage the distributed collections of the State, and the potential for integration of these strategies and collections.*

In developing and reviewing their collection policies, the Government's institutions need to consider the collecting strengths of particular local and regional museums and galleries with a view to developing co-operative collecting and collection management strategies.

**7** *In developing their collection and information databases, the Government's collecting institutions should ensure their compatibility, as far as possible, with databases in local, regional, interstate and national institutions.*

There is a need to increase public access to collections and maximise information-sharing between all collecting bodies. This is consistent with the maintenance of the State's distributed collections and co-operation across Australia (for example, through the national Heritage Collections Council).

**8** *Material relating to the history of local communities should, in general, remain within those communities, preferably in a local collecting institution. If another institution wishes to collect this material, it should do so in consultation with local and regional heritage bodies.*

If the Government's collecting institutions undertake collecting in the regions, it must be done without precipitating a loss of confidence in regionally-based programs. All collecting should therefore be undertaken in consultation with, and with the support of, a region's museums and galleries.

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