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20 May 2005

Mr Kevin Greene MP
Chairman
Standing Committee on Public Works
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Mr Greene

Inquiry into Infrastructure Provision in Coastal Growth Areas

Thank you for your letter of 7 March 2005 inviting the Australian Local Government Association (ALGA) to make a submission to the above inquiry. ALGA, in partnership with the Australian Government, is currently undertaking a coastal project, including collection of data through surveys and case studies. I believe this information will be of interest to your inquiry. This submission draws heavily on ALGA's environment survey of coastal councils.

Coastal areas are facing unprecedented development pressures from both population and tourism. Councils are struggling to cope with the environmental, social and infrastructure issues they are facing as a result of the movement of people into coastal areas.

Whilst Australia's population is heavily concentrated in coastal regions, so are Australia's valued biodiversity and the bulk of our threatened species. Any inquiry into the provision of infrastructure in these areas must look at the impacts on the environment, particularly in relation to biodiversity.

ALGA has not addressed specific NSW government issues, but is rather trying to paint a picture of the broad issues facing coastal councils.

1. Key coastal population growth and urban consolidation trends

Around 85 per cent of Australia's population lives within 50km of the coast and a quarter of Australians live within three kilometres of the coast. This places significant pressure on the infrastructure in these areas and their fragile environments. A booming property market, a healthy tourism industry and Australians' desire to live by the sea have resulted in a large influx of residents, both permanent and part-time, to coastal shires.

Results from the ALGA survey of coastal councils

ALGA undertook a survey of coastal councils (the results were released in February 2005) to get a greater understanding of their capacity to manage increasing development pressures. Attachment A shows the councils in NSW who participated. Eighty seven per cent of councils reported an increase in population in the last five years. In NSW this figure rose to 100 per cent.

Around 62 per cent of councils which experienced rising populations in the last five years reported annual increases of three per cent or higher. Ten of the 19 NSW councils had reported annual population rises of three per cent or higher. In comparison, the Australian Bureau of Statistics (ABS) reported that Australia's population rose by 1.2 per cent in the year to 30 June 2000.

The large rises in coastal populations have occurred relatively quickly, with governments struggling to adequately address the economic, environmental and social impacts such large and rapid change can bring. Councils are struggling to keep pace with adequate provision of services and infrastructure, particularly when combined with the added demand during peak tourist seasons.

Sixty seven per cent of councils also reported increased tourism pressure. NSW councils experience an average 80-85 per cent increase in population during peak tourist times. This places significant pressure on the infrastructure of these towns and their natural resources, particularly the beaches and sand dunes, water supply, services and roads.

2. Short and long term needs of coastal communities for basic infrastructure (such as roads, power, water and sewerage) and human services infrastructure (such as hospitals, schools, aged care centres and sporting facilities).

Councils are required to maintain and upgrade large amounts of infrastructure. The pressure on this infrastructure increases as population and tourist numbers increase. It is local residents who pay for much of the infrastructure through council rates, with councils unable to extract any funding from tourists to the region. For instance, Byron Bay attracts 1.75m visitors a year. It is beyond the council alone to manage the pressure this places on infrastructure and resources in the shire.

Basic Infrastructure

Road Infrastructure

In assessing the impact of increased population and tourism numbers along the coast and the impact on the coastal transport network, it must be recognised that local roads are a critical component of the system. Australia's local road network consists of around 680 000 km of road – nearly 85 per cent of the total road network, and includes related infrastructure, such as bridges, earthworks and road signage. The economic significance of local roads can not be underestimated, with 73 per cent of all freight trips beginning or ending on a local road.

Local roads are owned and maintained by local government. The cost of this maintenance is immense and is met from rates and funding from state and commonwealth governments. Over the years, the amount of funding available to local governments has not kept pace with the cost of maintaining local roads to acceptable standards. This is particularly the case in coastal areas. Much of the local road infrastructure is now reaching the end of its economic life and its replacement cost cannot be met by local government alone.

ALGA has three concerns in regards to coastal growth areas:

1. While the federal 'Roads to Recovery' program provides around \$300m a year to local government, augmenting local road spending of around \$2.7bn a year, there is still a serious shortfall in local road capital and maintenance needs – and this is especially severe in coastal growth areas. A targeted program of NSW Government assistance for the extension and upgrading of local transport infrastructure would be of major assistance in meeting the economic and social needs of coastal growth areas.
2. While the NSW Government has responsibility for most of the major infrastructure and regulatory frameworks, local government has a useful role in relation to balancing tourist and industry needs for efficient access with community expectations on residential amenity. However, the state government is in a unique position to promote, co-ordinate and disseminate information on sustainable accessibility initiatives across local government. NSW Government funding assistance to local government for a pilot program in this area, would expedite consideration of key issues such as integrated land use and transport planning (where local government is a core player), traffic congestion, safety and travel demand management.
3. The possible changes to the Commonwealth's responsibility for full funding of what was the National Highway Network is of considerable concern to ALGA, in that if the NSW government has to find extra funds to maintain national highways, this would make it even more difficult for both state and local government to fund the needed infrastructure in coastal growth areas.

Towns close to major population centres can experience significant traffic congestion during peak tourist periods. As major arterial roads are improved into coastal towns from nearby cities, even more tourists are encouraged into the area as travelling times are reduced. Local roads are often not constructed to take such large volumes of traffic and councils need assistance to improve the resulting traffic congestion problems.

The Water Cycle

In the ALGA environment survey, councils were asked to nominate the biggest impacts on the environment resulting from rising populations. Pressure on the water supply was identified as the primary issue, followed by degradation of sand dunes and beaches and vegetation degradation.

Many coastal villages and small towns were never planned as high growth regions. Water supply is critical as these towns expand, with some towns not having access to mains water

supply. For those that do, the infrastructure was not set up to accommodate the large populations the town is now servicing.

Some smaller towns and villages do not have reticulated sewerage services. Greater environmental problems arise when they are linked to mains water without a corresponding upgrade in sewerage services. Having these towns and villages linked into appropriate high quality water supplies and treatment facilities is extremely expensive and very often beyond the scope of councils to address on their own.

Pollution of waterways is a concern amongst coastal councils. It can be caused by a variety of factors, not least of all a lack of infrastructure in the water cycle and from increased development in close proximity to water-courses. Inappropriate development can increase erosion, runoff and sedimentation of waterways.

Environmental issues

Urban sprawl was identified as a priority issue by NSW councils in the ALGA coastal survey. This needs to be addressed through community consultation and planning initiatives. Research at the local and regional level is required to get a greater understanding of sustainable limits on population levels. In this context, the key question is “What population levels can be sustainably managed in coastal areas and at what point is development limited?”

Native vegetation and threatened species are also under significant pressure in coastal areas. Invasive species are also an issue for councils. These environmental factors need to be considered in any infrastructure inquiry as they have direct impact on issues including water supply and quality, where roads can be placed and where development can take place.

Human services infrastructure

Some of the population increase can be attributed to an increase in retirees heading to the coast. As such there will be an impact on health and aged care services infrastructure in coming years. A recent Productivity Commission (PC) study – *Economic Implications of an Ageing Australia* – noted that as the population ages, there will be an increasing demand on the use of local government human services, in particular:

1. Subsidy of medical services

As more aged people move to the coast, there will be increased demand for medical services. The PC predicts a shortage of healthcare professionals. Councils may have to pay more in the way of incentives to attract healthcare professionals out of the cities to rural shires.

2. Services provided under the Home and Community Care (HACC) program

As older people move to coastal areas they want to be assured that they are able to access affordable and quality care services, should the need arise. As the community ages, HACC services are projected to increase significantly in the future. Local government is likely to

experience an increase in demand for meals programs, home support, respite and allied health services and social support services.

3. 'Healthy ageing' services

Health promotion has the potential to reduce the health and care costs of older people. Health promotion activities encourage older people to exercise regularly, eat well, develop and maintain social networks and access activities in their local community. As demand for these programs increases, local government is concerned that councils will have to fund such services. Many of these early intervention approaches fall outside health department or HACC funding and have fallen onto local government.

4. Community transport

Transport enables older people to access services and community activities. Many coastal areas do not have sufficient public transport to provide an adequate service to the aged. Ageing populations will increase the demand for community-based transport. As a result, transport options will need to meet the diverse needs of older people.

5. Volunteer management

The increasing demand for volunteers to assist and support older people, as well as to recruit and support older people as volunteers, equates to increased costs for local government.

Age-friendly infrastructure is essential if older people are allowed to remain active and independent. Local government will face increasing pressure in relation to the suitability and provision of infrastructure. Many coastal communities do not currently have adequate infrastructure in place. Most coastal councils have inadequate public transport. Street lighting, footpaths, kerbs and sanitation services are important infrastructure considerations for older people's health and well being. It is likely that local government will face increasing community expectations of high standard amenities, such as car parking, public seating and public toilets.

The PC estimates that nationally, the number of people in high and low care residential aged care is likely to increase by 78 per cent by 2024-25 and over 200 per cent by 2044-45. This is likely to be higher in coastal areas where positive net migration of older persons occurs. This is likely to pose problems for councils in designating sufficient land for new developments in a timely fashion and ensuring that new facilities are integrated with existing service delivery.

3. Coordination of Commonwealth, state and local government strategies to deliver sustainable coastal growth and supporting infrastructure.

All three spheres of government must work together and focus on sustainable development in our fragile coastal environments. There needs to be better coordination in regards to planning and management and the provision of infrastructure. The idea of sustainability must be incorporated into planning and development decisions.

Funding

Where Commonwealth or state government programs exist, funding is usually determined via a funding formula, often with a strong per capita basis. Such federal programs include the Financial Assistance Grants and the Roads to Recovery program. The funding formulas do not account for part time residents or tourists and indeed some programs give coastal areas less funding as they consider these regions are advantaged over other areas in Australia, due to high property prices.

Property taxes are a slow growth tax and in addition, the ability of councils to increase rates is limited by practices such as rate pegging. Rate pegging limits the annual rate increase councils can charge. To gain rate increases beyond the pegged limit, councils must apply to the state government. A better funding formula is required. The community continues to demand a broader range and a higher quality of services and infrastructure which far exceeds the ability of councils to raise the required funding. Councils need access to a growth tax.

Health infrastructure

All spheres of government need to be better coordinated to ensure the adequate provision of health infrastructure in high growth coastal areas. This is particularly an issue where the community is facing net migration of older people or where high tourism numbers at certain times of the year result in local residents not having adequate access to their health facilities.

As discussed earlier, the pressure on health and aged services is likely to increase dramatically in coming years. All spheres of government must work together to ensure there is adequate infrastructure and service provision in high growth coastal areas.

Legislation

There have been significant changes in NSW state legislation impacting on coastal councils in recent years, such as changes to threatened species and native vegetation acts. Councils participating in the ALGA coastal survey identified as a priority the need to assist staff to keep up to date with legislative changes. Councils are often required to interpret and enforce the legislation, either directly or through planning approvals. To do so they must be kept up to date with legislation changes. The state agencies responsible for the changes must take responsibility for such training. In addition, councils need assistance to educate their community about legislation changes and what impact there will be on individual land managers.

The developers can put significant resources into interpreting legislation. This in turn puts pressure on council planning staff. Staff need to be adequately trained and have access to provision of legal advice, otherwise poor planning decisions can result or councils can face significant litigation costs.

Environment – results from the ALGA survey

Ninety per cent of councils reported having insufficient resources to manage their natural assets, with the biggest constraint being a lack of funding, followed by a lack of staff and a lack of appropriately trained staff. Increased demand for infrastructure places increased pressure on existing planning staff. A lack of planning staff can result in less than optimal development. There is a significant need to capacity build councils so they have the necessary skills to both manage their natural resources and to educate and train their community to do so.

In recent years local government has had to provide more funding to undertake environmental programs. According to the ABS, in 2002-03, government subsidies and grants for local government environmental protection activities comprised just over 5 per cent of local government environment revenue. This was down from 21 per cent two years earlier. Similarly, government funding for local government NRM activities was 4 per cent of Natural Resource Management (NRM) revenue in 2002-03, down from 8 per cent two years earlier. This has a serious impact on infrastructure provision, including waste management and management of the water cycle.

Councils have a high reliance on other funding sources to undertake environmental activities, including water cycle infrastructure provision and maintenance. Some NSW councils have imposed an environmental levy on rate payers to generate a fund to undertake environmental projects. This money is then used to leverage funding from other sources to contribute to projects.

For instance, one NSW council used to be able to leverage \$9-10m from their \$2m levy fund. Last year they were only able to leverage around \$3m. There is some concern around councils that the state government will reduce the services and financial assistance they provide these councils as the state perceives councils can now finance activities through the levy. State governments must continue to fund the services they are responsible for and allow the levy to be used for the purposes and projects it was raised for.

To encourage the community to protect and manage their environment, and to reduce resource use, the ALGA survey found that 37 per cent of councils provide incentives. In NSW this rose to half of all councils. Developments in the area of incentives are likely to assist councils to manage their environmental resources in the future. All spheres of government will need to work together to develop innovative incentive programs, such as tradeable development rights and offsets and to fund the associated public awareness campaigns.

The provision of Commonwealth and state/territory funded government extension officers has fallen dramatically in recent years. At the same time, the pressure on the natural resource base in coastal areas has significantly increased. Those people who move to coastal areas and want to protect their natural resources go to the councils for information and assistance, and councils are taking on the role of providing technical expertise to fill the gap. The provision of technical expertise was the most common and widespread incentive offered by councils (ALGA survey), however councils need sufficient funding to provide these extension services. As new residents move to coastal areas it is likely that demand for extension services will continue to increase.

4. Best practice methods to plan, manage and provide infrastructure to coastal growth areas.

Results from the ALGA survey of coastal councils

In the ALGA survey of coastal councils, it was discovered that around 68 per cent of councils had altered their planning or zoning activities in the last three years in response to increased pressure from development. Councils have undertaken a range of activities, with the most common response being to develop new planning policies. In a bid to reduce pressure on the water cycle, many councils made changes to water management requirements in new residential areas. These requirements may include recycling of grey water and the use of water efficient appliances to reduce water use in new houses.

Also, around 67 per cent of councils have developed environmental management plans, such as for biodiversity conservation or estuary management. In NSW this rose to 79 per cent. Strong planning initiatives result in more informed decision making.

5. Management of social, environmental and economic considerations associated with infrastructure provision in coastal growth areas.

As new residents arrive in coastal areas, their expectations of the services and lifestyle available impact on council and their new community. They can place pressure on councils to provide more services and upgrade facilities. Councils need to manage the expectations of new and old residents and tourists to the area. This often involves greater community consultation. While this is positive, it does impact on council resources in both terms of cost and time. The influx of new residents can change the amenity, lifestyle and physical infrastructure of a town. People may move to the area as it is quiet and for its beauty. They do not want to see these aspects removed through development.

Summary

The issue of infrastructure provision requires urgent attention. This inquiry must be followed through with action. All three spheres of government, along with the community must work together to ensure that adequate infrastructure and services are provided in a sustainable manner. Environmental assets and infrastructure are key to sustainable development in our coastal areas.

For further information, please call Angela Shepherd, Assistant Director, Environment Policy at ALGA on (02) 6122 9433.

Yours sincerely



Ian Chalmers
Chief Executive

Attachment A

NSW councils who participated in the ALGA coastal council survey





Local Governments that Participated in the National Coastal Survey New South Wales

Sources:
Australia, Local Government Areas (LGA)
© Commonwealth of Australia, Australian Bureau of Statistics (ABS), 2000. All rights reserved.
Australia, Topographic Coastline 1:100,000
© Commonwealth of Australia, Geoscience Australia, 1994. All rights reserved.
Caveats:
Data used are assumed to be correct as received from the data suppliers.

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Legend

-  LGA Boundaries
-  Participants in Survey



File: nsw_participating_lgas.mxd