



6 May 2005

The Committee Manager
Standing Committee on Public Works
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir or Madam:

Re: Inquiry into Infrastructure Provision in Coastal Growth Areas

Thank you for the opportunity to provide a submission to the *Inquiry into Infrastructure Provision in Coastal Growth Areas*.

The terms of reference for the inquiry are particularly relevant to the Ballina Local Government Area as it continues to experience steady residential growth with the population expected to increase by 50% over the next 25 years. It is also projected that by the 2026, 24% of the Shire's population will be aged 65 years and older.

The provision and maintenance of infrastructure required to accommodate this population growth and changing demographics is a major challenge facing the Council. Financing of this infrastructure is made more difficult by rate pegging legislation, the limitations of the developer contribution system and the increased areas of public land being managed by Council.

The population growth, ageing population and increase in land values has also created a demand for services which were not traditionally supplied by local governments such as affordable housing and access to health services.

It is commendable that the NSW Government has recognised these challenges facing coastal communities by establishing this inquiry.

Information responding to the terms of reference is attached. If you require any further detail to assist with the Committee's investigations please do not hesitate to contact me on 6686 1260.

Yours faithfully

John Truman
Group Manger
Civil Services

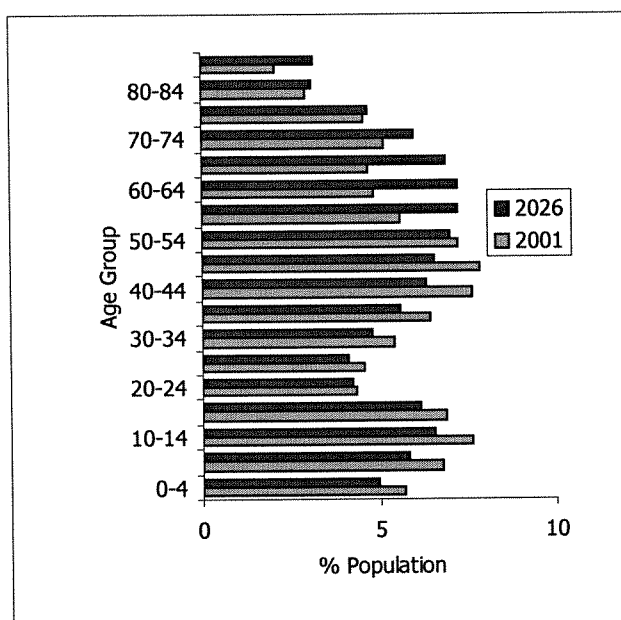
POPULATION GROWTH IN BALLINA SHIRE

Total Number of People

Ballina's current population is approximately 40,000. Shire wide population projections estimate an annual growth of 800 people per year (1.8% pa) resulting in a projected population of 58,236 by 2026. A table outlining housing demand and population projections for 2001–2026 is attached for your information.

Age Structure Projections

The anticipated age structure profile of Ballina Shire in 2026 is shown in the figure below. This data indicates significant ageing of Ballina Shire's population into the future. It is estimated that by the year 2026, 24% of Ballina Shires population will be aged 65 and over, compared with 19% in 2001. The number of people aged 65 years and over is anticipated to increase by 186%.



Migration into the Shire

The majority of population growth in Ballina is due to migration into the Shire. Between 1991 and 2001 the average annual growth rate was 2.6%, of this 1.6% was due to migration compared to 1% as a result of natural increase (births).

PLANNING FOR GROWING COMMUNITIES

Ballina Shire Council is planning for an increased population and to manage the impacts of urbanisation by undertaking a number of key planning projects. Current projects include:

- Urban Land Release Strategy to identify suitable residential areas for a 20 year planning horizon.

- Structure Plans in the major release areas (Lennox Head and Cumbalum) to ensure forward planning of community facilities, environmental protection zones, road corridors, open space and residential development.
- Ballina Shire Sustainability Strategy to identify a vision for the Shire and guiding principles for Council's decision-making and policy preparation. This document will also guide the preparation of a new Local Environmental Plan.
- Development Control Plans for areas nominated for medium density residential development (Ballina and Lennox Head). The DCP's provide an opportunity to ensure dwelling types and locations are suited to the expected age profile and dwelling demands.
- Developer Contribution Plans to ensure new development contributes to facilities required as a result of increased population.
- Ballina Coastal Hazard Identification Study that has identified areas susceptible to coastal erosion and potential management options.

The cost to Council to undertake these studies over and above staff salary costs is in the order of \$300,000.

KEY ISSUES FOR BALLINA SHIRE COUNCIL

The implications of the anticipated population growth are inter-related. The key issues for Ballina Shire Council as a result of a growing and ageing population relate to the shortfall in funding for new infrastructure and services. This issue is discussed below in relation to developer contributions, timing of new infrastructure, rate pegging, social services and protection and conservation of the environment.

Limitation of the Section 94 Developer Contribution System

Issue: Section 94 of the *EP&A Act 1979* provides a mechanism for councils to levy developers for the cost of providing public amenities and services which are required as a consequence of development. In many instances not all of the costs of new infrastructure included in s94 works programs can be recovered through s94 charges.

Contribution plans can therefore create a significant financial liability for local governments - particularly when there is large apportionment of costs to existing population, users from outside the LGA or future populations beyond the proposed planning horizon.

Example: The *Ballina Road Contribution Plan* identifies \$42 million of major roadworks required to upgrade the local road network to accommodate increased traffic over the next 20 years. Only \$16 million of this will be recouped through developer contributions. However the adopted Contribution Plan commits Council to the works program and funding the remaining \$26 million of roadworks.

Short term needs for basic infrastructure

Issue: The need to undertake major upgrading works in the short term to accommodate population growth has implications for Council in terms of cash flow, loan borrowing capacity and the cost of interests on large loans.

Example: Ballina Shire Council has prepared 30-year works programs for water and sewerage infrastructure. The works program identifies assets required for population growth, improved levels of service and better environmental management.

Both the water and sewerage capital works programs require the majority of expenditure in the next 10 years. The increased population will then gradually consume the spare capacity created by the upgraded systems. The table below outlines the predicted expenditure.

Year	Water Supply Infrastructure Capital Expenditure \$M	Sewerage Infrastructure Capital Expenditure \$M
2004/05-2007/08	\$5.52	\$40.8
2008/09-2012/13	\$6.53	\$16.1
2013/14-2017/18	\$3.92	\$1.8
2018/19-2022/23	\$1.25	\$1.5
2023/24-2027/28	\$2.53	\$1.0
2028/29-2032/33	\$1.25	\$0.1
Total	\$21.0	\$61.3

The forecasted interest charges in addition to these capital costs are \$18 million dollars.

Revenue Shortfall - Asset Management

Issue: Ballina Shire Council's ability to fund public infrastructure is limited by a very low rate base, compared to surrounding LGA's. Rate pegging has severely limited the opportunity for Council to fund community infrastructure through general revenue.

Example: Ballina Shire Council receives an annual rate income of \$ 9.2 million and \$2.8 million from FAG funding for a population base of 40,000. The Shire therefore has a heavy reliance on funding from external sources for major infrastructure.

Council typically receives 0.5% growth from residential development in its rates revenue which equates to approx \$50,000 per annum. However, the cost of servicing the additional population and public assets as a result of growth is often more than the income received through this additional rates revenue.

For example in 2003/04 Council received non-cash Capital Contributions of \$7,262,000 principally in the form of new public assets provided by developers. Therefore for negligible cash revenue, Council has gained a substantial asset maintenance liability.

Social Issues

Issue: The population growth and changing demographics have many implications from a social perspective. In addition to this there is an increasing expectation for local governments to become involved in the provision of services such as affordable housing, access to health services and public transport. Council's involvement in the coordination and delivery of infrastructure and programs such as these requires additional staff resources and places additional pressure on available funding.

Examples: Continuing demand for housing will increase house prices and rents. While land values, prices and rents may be comparatively less than metropolitan areas, changes represent a dis-benefit for existing residents who wish to enter the market, either as buyers or renters. This is of particular significance given the disproportionately small percentage of younger or working age people. The situation of people living outside the Shire while working within the Shire has transport, environmental and employment implications. A financial investment in providing affordable housing has policy and financial implications for Council beyond those already outlined in this submission.

Ballina Shire Council is currently involved in providing a Health and Community Care Centre to provide a base for a number of health and community service groups. The HACC building is estimated to cost \$1.63 million with \$500,000 being provided from State Government Grants \$300,000 from developer contributions and \$830,000 from Council's general revenue. Operating costs will be an additional burden to Council.

The State Government is encouraging local governments to become more involved in the coordination of public transport in regional areas. Public transport will become increasingly important to an ageing population as mobility levels reduce. The Byron Ballina Tweed Community Transport service is already experiencing an over demand for its services and has had to 'close its books' to new clients.

Environment Protection

Issue: The combination of increased growth and a sensitive coastal environment requires management of larger areas of public land, there is also a higher utilisation of scenic land such as beaches and reserves. Further with increased urbanisation and new subdivisions, council is 'inheriting' more public land for recreation and environmental conservation. The cost to manage and maintain these is often more than the income received from the additional rates revenue.

Proposed new legislation to allow councils to enter into planning agreements with developers may provide a mechanism to obtain developer contributions towards maintenance and rehabilitation of public land. However the proposed agreements are voluntary on the developer's behalf and therefore councils may need to negotiate other contributions in order to obtain such agreements.

Examples: An increased population will result in more people utilising the coastal reserve for access to beaches and recreation paths. The reserve is Crown land, however Council is largely responsible for the management of the reserve with limited access to State funds to complete the identified works required.

Parts of Ballina Shire are also affected by coastal erosion. Following the Ballina Coastline Hazard Definition Study, Council is currently preparing the Coastal Zone Management Study and Management Plan. In particular this study will investigate management and protection options for the Lennox Head Village area, which is a residential area identified for higher residential densities but also subject to the impacts of coastal erosion.