Submission No 1

INQUIRY INTO SCRUTINY OF PUBLIC WORKS IN NEW SOUTH WALES

Organisation: IPWEA (NSW)

Date Received: 20 July 2018

Institute of Public Works Engineering Australasia Limited
NSW Division

New South Wales
IPWEA
INSTITUTE OF PUBLIC WORKS
ENGINEERING AUSTRALASIA

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20 July 2018

The Hon. Robert Brown, MLC
Chair
Public Works Committee
Parliament House
Macquarie St
Sydney NSW 2000

Dear Mr. Brown,

Submission to the Inquiry into the scrutiny of public works in New South Wales

The Institute of Public Works Engineering Australasia (NSW Division) fully supports the work of the Public Works Committee through its Parliamentary Inquiry into the scrutiny of public works in New South Wales (NSW).

IPWEA (NSW) also appreciates the invitation to make representation through this submission and would value the opportunity to provide further details on the issues raised. We also look forward to the opportunity to have ongoing involvement in the Committee's work on this and other important issues for future policy.

For further information in relation to this submission, please do not hesitate to contact the undersigned by telephone: or email

Yours truly,

Mr John Roydhouse
CEO

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Public Works Committee Inquiry into the scrutiny of public works in New South Wales

Submission by

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALASIA (NSW Division)

20 July 2018

Executive Summary

This submission has been prepared for the NSW Standing Committee on Public Works in its Inquiry on the Scrutiny of Public Works in NSW which seeks to inquire into and report on public works to be executed where the estimated cost of completing such works exceeds $10 million. While this submission does not directly focus on actual public works projects under scrutiny, it will raise issues and identify and recommend reforms that can improve local government's delivery of public works for its communities.

The Institute of Public Works Engineering NSW Division (IPWEA NSW) is a charity with the purpose of advancing the public works excellence in Australia, particularly in NSW by:

- conducting and publishing research into improvements to the processes used in public works and services to enhance NSW Communities
- working with government at all levels to ensure that the interests of the community are represented in regard to the public decision-making process relating to public works and services, and
- providing a forum for all people engaged in the public works to discuss best practice and enhancing the future of NSW Communities

IPWEA (NSW) has a mission to enhance the quality of life of NSW communities through excellence in public works and services. This is achieved through our professional association that effectively informs, connects, represents and leads public works professionals for NSW.

IPWEA (NSW) supports the work of the committee to inquire into the scrutiny of public works in NSW. This exercise is seen to hold people, governments, and companies accountable. All infrastructure projects have financial, social and environmental impacts on local areas and on the community at large and therefore scrutiny is important to ensure there is certainty that these projects will be able to deliver the intended benefits in accordance with the planned costs and timelines. This is likewise a unique opportunity to bring to a wider audience some of the advocacies that IPWEA (NSW) is involved in. It also presents us with the occasion to discuss the changes that would make local government more effective and efficient in delivering infrastructure to their communities in these challenging times.

The IPWEA (NSW), through this submission, seeks to advise on the terms of reference by raising relevant issues that can assist the Committee in its work by considering the following:

- The role and size of Local Government in public infrastructure delivery
- Increasing the skills capacity of local government through the recognition of Engineers (qualified people to manage our infrastructure) and the need to invest in future generations.
- The regulatory burden on Councils
- The cumbersome process of environmental, archaeological, and biodiversity processes and approvals on projects
- Raising the threshold or trigger point for which projects must be referred to the Public Works Committee from $10 million to $50 million

Improved engineering capability and capacity in the public sector - particularly within local government - can assist the State Government in delivering community infrastructure projects and policy initiatives, while at the same time providing best-value investment in local community assets. This could be achieved through policy improvements to the regulatory framework within the local government sector, with even minor adjustments having far-reaching consequences. It is hoped that this submission contributes to advancing the debate on identifying the actions necessary in bringing about improved public infrastructure provision in New South Wales.

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Introduction

The Institute of Public Works Engineering Australasia NSW Division (IPWEA NSW) is the leading professional association representing Engineers and Public Works Officers engaged in public works and engineering, with the majority of members working in, or providing services to, Local Government (and the NSW Government).

IPWEA (NSW) is a charity with the purpose of advancing the public works excellence in Australia, particularly in NSW by:

- conducting and publishing research into improvements to the processes used in public works and services to enhance NSW Communities
- working with government at all levels to ensure that the interests of the community are represented in regard to the public decision-making process relating to public works and services, and
- providing a forum for all people engaged in the public works to discuss best practice and enhancing the future of NSW Communities

IPWEA (NSW) has made it a mission to enhance the quality of life of NSW communities through excellence in public works and services. This is achieved through our professional association that effectively informs, connects, represents and leads public works professionals for NSW.

IPWEA (NSW) is ideally placed to take a lead role in enhancing outcomes for communities across NSW by assisting practitioners within the local government sector.

The evolution of the work undertaken by the IPWEA has seen:

- The creation of the NSW Roads & Transport Directorate with representation from IPWEA (NSW), LGNSW, RMS and Transport for NSW. The Directorate recently hosted the NSW Roads Congress in June, 2018 at with a key focus on Roads as “Critical Infrastructure” and has launched its two publications “2017 Road Management Report: Road Asset Benchmarking Project” and “2017 Timber Bridge Management Report”, which provide a) a snapshot of the current reported condition of Regional and Local Roads in NSW; b) an estimate of the shortfall in funding necessary to bring them to a satisfactory condition; and c) specific recommendations about rectification of the problems identified. The data contained in these two publications have been consistently collected over the past 12 years and provides valuable insights into the performance of NSW Councils and their asset management, particularly in relation to roads and bridges.

- The creation of NAMS.AU specialising in Asset Management which has progressed internationally into Canada and New Zealand

- The creation of the NSW Water Directorate, having a focus on the water and sewer industry reform having representation from IPWEA NSW, LGNSW and Industry leaders

IPWEA (NSW) acknowledges that public infrastructure provided by all levels of Governments plays a critical and fundamental role in ensuring economic activity is supported and growth can occur. Delaying infrastructure improvements (or even basic maintenance) impacts on economic sustainability (often seen as confidence in a location), transport (movement of

people and freight) and impacts on the cost of living for our communities (electricity, water, sewerage, transport, etc).

IPWEA (NSW) supports the work of the committee to inquire into the scrutiny of public works in NSW. This exercise is seen to hold people, governments, and companies accountable. Infrastructure projects have financial, social and environmental impacts on local areas and on the community at large. Therefore, scrutiny is important to ascertain that these projects will be able to deliver the intended benefits in accordance with the planned costs and timelines. The IPWEA (NSW) welcomes the opportunity to make a submission with the view of assisting the Public Works Committee "inquire into and report on future arrangements for the ongoing scrutiny by the Legislative Council of the matters set out in paragraphs 2 and 3 of the resolution establishing the committee".[1] This is likewise a unique opportunity to bring to a wider audience some of the advocacies that we are involved in. It also presents us with the occasion to discuss the changes which would make local government more effective in delivering infrastructure to their communities in these challenging times.

The IPWEA (NSW), through this submission, seeks to advise on the terms of reference by raising relevant issues that can assist the Committee in its work by considering the following:

- The role and size of Local Government in public infrastructure delivery
- Increasing the skills capacity of local government through the recognition of Engineers (qualified people to manage our infrastructure) and the need to invest in future generations.
- The regulatory burden on Councils
- The cumbersome environmental, archaeological, and biodiversity processes and approvals on projects
- Raising the threshold or trigger point for which projects must be referred to the Public Works Committee from $10 million to $50 million

This submission will not focus on specific public works projects under scrutiny but will discuss the various challenges that local government contend with in fulfilling its critical role in delivering and maintaining efficient and effective infrastructure and services for their communities.

I. The Role and Size of Local Government in public infrastructure delivery

Local government plays a crucial role in the delivery and maintenance of infrastructure. It is responsible for key community services such as the planning, developing, managing and maintaining of key infrastructure including local roads, bridges, footpaths, water and sewerage (in some states), drainage, waste disposal and public buildings. Local Government also has responsibilities that affect the provision of these infrastructure, for instance rezoning of land, subdivision approval, town and environmental planning, development assessment and building regulation.

As such, local governments in Australia are responsible for wide range of land and fixed assets with a total value of approximately $353 Billion including 650,000 km of local roads

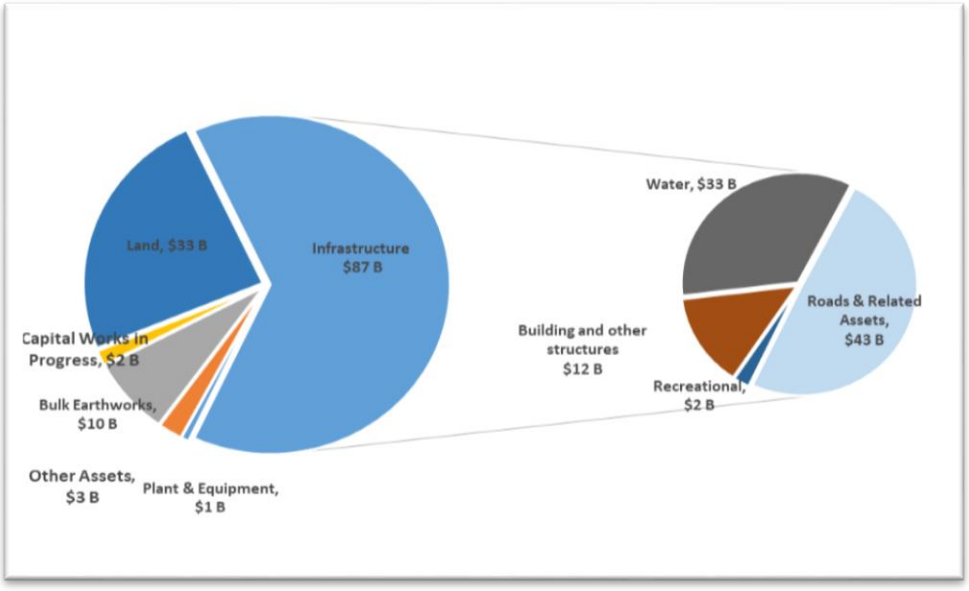
[1] Inquiry into the Scrutiny of Public Works in New South Wales Terms of Reference, 2018

worth $180 Billion (ALGA 2015), which implies that local government is responsible for roughly one-third of all public infrastructure across Australia.

Compared to State or Commonwealth Governments, Local Governments in Australia account for a very small share of total public sector taxation revenue, recurrent spending, and public sector employment but for a much larger share of public assets, capital expenditures, and user charges (Eslake 2017, PC 2017). 2016-17 government finance statistics show that property rates, which is its only tax base, accounts for approximately 3.6% of Australia's total taxation revenue. Other sources of revenue include user charges and grants from the Australian and State or Territory governments. The Local Government sector also accounts for approximately 5.4% or $37 billion of total public sector spending. These expenditures were dominated by housing and community amenities, followed by transport and communication and then general public services. In terms of employment, the sector accounts for approximately 9.6% of total public sector employment with 189,500 people working for Local Government nationally (ABS 2018).

In NSW alone, Local government is considered to be a major industry, employing more than 50,000 people, with a total operating revenue of $14 billion. Councils spend about $11 billion each year and are responsible for physical infrastructure assets valued at $136 billion, $87 billion of which are infrastructure assets with roads and related assets representing 50% of total infrastructure assets. The State Government is committed to more efficient infrastructure management across NSW, however, it is clear that a strong local government will be a determining factor in its success. With an asset value of magnitudes to manage, local government needs adequate financial resources from the NSW Government to address the current and future infrastructure needs of communities in NSW.

NSW Local Government Assets structure as of 2016-17



Source: NSW Auditor-General's Report to Parliament, Report on Local Government 2017

Under the Local Government Act 1993 which was further amended in 2009, NSW Councils are charged with the responsibility to manage infrastructure maintenance and delivery in

their communities. The financial sustainability of a council is closely linked to the management of infrastructure which represents the key expenditure item for Councils across NSW and thus remains a fundamental challenge for the sector. With an asset portfolio of $136 billion, including 163,850km of roads and 10,067 bridges, managing this portfolio is the principal issue impacting Councils. Of the three levels of government, local government relatively faces the largest responsibility over its infrastructure in terms of asset management while accounting for the smallest revenue base. Therefore, the success or failure to get this balance right has significant consequences for the communities that they serve.

Councils are custodians to billions of dollars' worth of public assets built and acquired over many years and often with minimal or no long-term maintenance funding. The asset types vary greatly, from large infrastructure such as local roads, bridges, footpaths, buildings, waste facilities, pools and storm water pipes to local playgrounds, public art, and library books. However, the challenge for local government is that the financial resources required for service delivery are finite. Therefore, Councils are perennially faced with funding challenges that are exacerbated by State government's current policy of rate-pegging. Rate-pegging has placed a significant burden on Councils' capacity to raise revenues necessary to sustain their communities' demand for services and amenities. Moreover, rate-pegging over many years has limited the funds available for Councils to invest in renewing infrastructure and consequently addressing deficiencies in function and capacity.

As it is also Council's responsibility to invest ratepayer money efficiently and effectively, State policies that restrict local government's ability to raise revenue such as rate pegging, have made the effectiveness of this investment even more important thereby pushing Councils to work harder to introduce increased efficiency measures that ensure optimum value and minimum risk, rather than rely upon rate increases. Local communities cannot afford wasteful or risky investment, as the backlog of infrastructure projects is already alarmingly large. With rate-pegging in place, reducing waste through more efficient investment is becoming more crucial if local government is to effectively meet community expectations.

Moreover, if the growing infrastructure backlog is to be addressed, efforts need to be made to ensure that local government has adequate engineering skills and capacity to deliver new and maintain existing infrastructure assets. Professionals Australia (2014)[2] estimates that "governments are wasting $6-7 billion each year on mismanaged infrastructure projects – simply because they don't have enough engineers to properly scope, design and deliver large scale projects."

Engineers make up an important part of local government being the experts responsible for the principal oversight of the management of the council's assets and infrastructure program. Reduced authority and lack of capacity can hinder the necessary oversight of local government infrastructure investment and maintenance. However, if steps are taken to ensure that capacity and capability are increased, local government will be able to reinvest savings into new projects and vital asset maintenance programs. This in turn will ensure that best value is provided to communities and Councils are well-informed about what they are purchasing, especially when purchasing infrastructure as they are considered significant purchasers of infrastructure, goods and services. Councils in NSW undertake an estimated 1,880 tenders each year valued at around $331 million. The annual costs to Councils of preparing, managing and assessing tenders worth more than $150,000 each is about $2.1

[2] Government losing billions of dollars over mismanaged infrastructure: industry, ABC AM, 10 January 2014, Radio Available at: http://www.professionalsaustralia.org.au/blog/governments-could-cut-billions-in-waste-by-employing-more-engineers/

million and the costs to industry of responding to such tenders is estimated at $4.4 million a year (Cranko & Paddon 2005 as cited in LGI 2006).

It is therefore crucial that measures are taken to address the continuing decline in local government engineering resource capacity and capability, a trend that has been on-going for quite a number of years thus hampering council's' ability to deliver best-value infrastructure and consequently exposing NSW communities to significant risk. Dr. Mehreen Faruqi, MLC and Engineer maintains that there has been a decline in technical know-how in the public service, the result of which is more resources spent on trying to fix design changes. In a recent article in the Sydney Morning Herald (2018) [3] she states "I am hugely concerned about the deliberate de-engineering and politicisation of the public sector and the immense over-reliance on outsourcing. This has led to a diminished capability to establish accurate scope and cost in the first place, followed by a lack of capacity to properly scrutinise design, procurement and delivery from private contractors and consultants."

II. Increasing the Engineering Skills Capacity of Local Government

One of the fundamental issues that prohibit effective infrastructure investment across Australia is the continuing decline of adequate engineering capacity within local government. Both infrastructure projects and the management of infrastructure assets are inherently highly complex and require the involvement of skilled and experienced engineers from planning through to delivery. Within local government, engineers play a crucial role in prioritising projects, accurately scoping projects, designing projects overseeing private development and construction staff, working with private contractors, and delivering projects on budget, free from cost blowouts while minimising risk.

Engineers are also crucial in developing maintenance programs to extend the useful life of community assets, minimise the risk to the community and the cost of asset management. Current state government policies have sought to encourage greater efficiency in local government investment and greater consideration of whole-of-life cycle costs. However, at present, resource limitations compromise the ability of local government to deliver on these. Greater autonomy over revenue for the purpose of funding infrastructure in a strengthened framework for infrastructure management and reporting will be required if Councils are to deliver the savings and improvements that the State Government seeks and communities require.

IPWEA (NSW) maintains that in order to establish, increase, and preserve the required level of skill throughout local government, improvements in workforce capacity and capability must occur within each council. This can be achieved through various ways outlined below.

[3] Saulwick, J., 2018 "How did Gladys make such heavy work of light rail?" Sydney Morning Herald 29 June 2018 Available at https://www.smh.com.au/national/nsw/how-did-gladys-make-such-heavy-work-of-light-rail-20180629-p4zohz.html

1. Recognition of Engineers

For many years, IPWEA (NSW) has sought the recognition of Engineers in NSW to ensure that NSW Public Infrastructure, community assets and public safety are managed by suitably qualified people.

Recognition of Engineers, the retention of technical knowledge and addressing skills shortage remains a central focus for IPWEA (NSW), including encouraging diversity and sustainability in the sector.

With record expenditure in public infrastructure spending and the need to continue to invest in infrastructure, it is important to invest in the skills and workforce capacity required to design, build and maintain the growing public infrastructure portfolio.

Currently the NSW Parliament has the opportunity to address this crucial issue with a comprehensive Notice of Motion before the Parliament.

That this House:

(1) Recognises the importance of qualified engineers and calls on the government, in consultation with key industry groups, to implement on a transitional phase in basis, a requirement for all local government authorities to have a suitably qualified engineer.

(2) Calls on the Government to recognise engineers as a profession, through a state and national registration scheme, similar to Queensland and as raised at Council of Australian Governments in 2011-12.

(3) Supports cadetships for civil engineering across all Government projects, in order to ensure the long-term workforce capabilities

This motion was originally moved on 12th August 2017 by Mr John Sidoti MP, Member for Drummoyne. The identical Notice was also moved on November 14th 2017 by Mr Greg Warren MP, Member for Campbelltown, on March 15th 2018 by Ms Tamara Smith, Member for Ballina and again on May 2018 by Mr Philip Donato, Member for Orange.

IPWEA (NSW) believes that it is time to begin discussing the merits of this issue in order to establish ways by which we can ensure that we provide a medium to long term workforce with the skills and capacity to manage current and future public infrastructure needs.

In consultations with the industry, there is widespread support for such recognition. NSW is trailing behind Queensland, which currently is the only State that has a comprehensive registration scheme for engineers in place by virtue of the Professional Engineers Act 2002 and the Professional Engineers Regulation 2003. Victoria, on the other hand, is one step closer to having its own registration scheme with the introduction of the Engineers Registration Bill 2018 to State Parliament. The bill is currently being considered by the Upper House. Other states and territories are also committed to such schemes thereby leaving NSW exposed to risk of not having the appropriately qualified personnel to manage its infrastructure needs.

To introduce such recognition will take time. Therefore, it is imperative that the process is commenced urgently to ensure that there is an adequate phase-in period. A phase-in period will allow our Engineers the opportunity to up-skill or complete certification if necessary. This

is crucial to ensure New South Wales remains the Premier State in terms of career opportunities, infrastructure investment and economic and social development.

IPWEA (NSW) is mindful of the perceived impost on those small regional Councils that may suggest they are least able to afford skilled personnel. IPWEA (NSW) has recently undertaken a skills audit across the state with some encouraging and surprising results. The key messages from the audit suggest that Local Government in NSW is able to afford to employ a qualified Engineer and in fact all Councils, including the small regional Councils, currently do have an Engineer on staff.

Whilst the depth or quantum of Engineers is harder to measure and anecdotal evidence suggests attraction in regional areas remains problematic, it is of concern that 29% are not degree qualified and considerably less (16%) are able to be chartered or certified. This is the gap that needs to be filled.

NSW Councils Surveyed

Source: IPWEA (NSW) 2018 Audit of Skills Capacity in NSW Local Government

It is of utmost importance that civil engineers in local authorities are given the opportunity to acquire the qualifications, skills, and experience necessary to manage existing challenges and as well as uncertainties brought about by increasingly rapid technological change and demographic shifts.

2. Appointment of a Chief Engineer

The key to managing local government's infrastructure portfolio is risk management and managing obligations under the Civil Liabilities Act. In order to do this, there should be adequate in-house engineering capacity to deliver efficient, cost-effective and innovative investment.

Currently, mayors and councillors have access to expert financial advice on projects through the position of the Chief Financial Officer (CFO). However, with respect to the provision of technical advice on certain decisions, there is currently no equivalent position which officials can rely on, thereby exposing Councils to significant risks that would need to be mitigated.

IPWEA (NSW) believes that the Local Government Act should be amended to ensure that there is a requirement for each Local Government entity to have a suitable qualified Chief

Engineer with engineering qualifications, the ability of local government to meet and manage this risk is secured and assures the effective management of local government's infrastructure portfolio.

This position should be at the same level as the CFO and will be responsible for the oversight of and management of the Council's asset and infrastructure investment and maintenance programs. The qualifications for a Chief Engineer would be a listing on the National Professional Engineers Register (NPER). This is essential since the Chief Engineer shall be responsible for the allocation of the bulk of a council's expenditure as well as being ultimately responsible for the management of infrastructure risk.

Engineers, as part of a broader team, play key roles in infrastructure development, planning, design, construction, operation and maintenance. These engineering roles underpin nearly every aspect of life nowadays (as the disciplines in engineering are broad and cover a very wide range of industries). Engineers hold the key to developing an understanding of systems, public risk, safety and performance requirements, that optimise delivery to meet service requirements. Without the safeguards inherent in an engineered solution, infrastructure performance would be haphazard, dangerous and much more costly. To maintain the communities' lifestyles and sustain our standard of living, sufficient engineering skills need to be brought to bear - sufficient engineering knowledge is required to be part of decision making processes, so at least, the results of decision-making are understood and the ramifications planned for.

Civil engineers as asset managers in local authorities are responsible for implementing legislative requirements relating to planning and designing new roads and bridges, overseeing the construction of new and the renewal and maintenance of existing roads and bridges. In doing this, many environmental and social issues (including very importantly *safety and equity*) need to be addressed in a climate of limited funding.

3. Mandatory registration of professional engineers

Unlike many parts of Asia, the US and Europe, the term 'engineer', and the training, experience and proven professional competence it entails does not have national statutory protection in Australia (Engineers Australia n.d.). Also, unlike numerous other essential professions, there is currently no simple, consistent system of certification and accreditation process for engineers in New South Wales. By comparison, if you reside in NSW and require the services of plumber to fix a leaking tap, there is a legislative requirement for that plumber to be qualified and licensed.

Moreover, the requirement for engineers in Queensland to be registered under RPEQ, a model which Victoria (currently before Parliament), Western Australia and the ACT are moving towards adopting, means an engineer from NSW cannot seek employment in Queensland. This restricts the capacity of local engineers to move between states, creating regional divisions in a profession where mobility of skills and certifications is essential.

The decline in engineering skills currently being experienced has been costing local government and unfortunately the real extent of those costs will never be known. The only thing certain is that these hidden costs will escalate as less engineering skills become available.

Without high level engineering skills, it is certain that cost of new projects will spiral through every stage – scoping, design & documentation, compliance, purchase cost, contract

management, construction and ongoing maintenance. Without the knowledge of how to optimise the timing of maintenance of assets, prepare cost effective asset plans, knowing the most cost effective maintenance techniques, the cost of maintenance will rise. In local government it is now acknowledged that asset management plans are the key to long-term financial plans, which is paramount to financial sustainability. Engineering skills are paramount in preparing infrastructure asset management plans.

Having the capability to maintain infrastructure is just as important for local government as being able to deliver new infrastructure to the community. This situation adds to compliance costs for the profession as a whole, and by extension local government, by hindering mobility of trade, adding to skills shortages, and posing serious risks in relation to consumer protection and public safety. Engineering failures can be devastating and are almost always attributed to a lack of competency. Under the current ad hoc and voluntary system of registration, competency standards cannot be enforced. Engineers and others claiming engineering expertise cannot be prevented from providing services even where there is evidence of misconduct or incompetence. The opportunity exists to replace this patchwork system of accreditation and develop a nationally consistent, state-based registration system for professional engineers that can provide one port of call for the certification of engineers working in local government and in the wider profession.

A mandatory registration regime would lead the engineering skills upgrade process by allowing the engineering profession to identify the necessary training programs that can assist in providing the required competencies. Moreover, mandatory registration of engineers will not only give recognition to the profession, but will also ensure that projects are up to standards and associated risks are minimised. As mentioned previously, registration of engineers is already required in Queensland, and is soon to be required in Victoria (currently in the Upper House) and the ACT. The new West Australian Premier has also committed to investigating models for engineer registration.

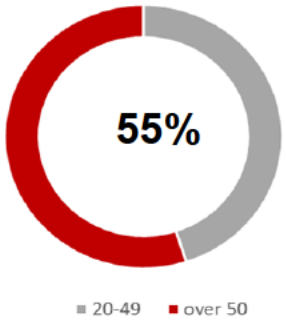
4. Encouraging Engineering Cadetship

As a way of ensuring that the necessary engineering skills are retained in local government, IPWEA (NSW) recommends that State and Federal governments play an active role in incentivising Local Government to enable them to directly engage Cadet Engineers within Councils across Australia.

The delivery and on-going stewardship of critical infrastructure will require qualified and skilled professional Engineers on to the future to increase value for money in local government infrastructure and support on-time delivery through improved scoping, design, and management of infrastructure projects. Therefore, additional funding at the state level for programs to attract STEM graduates into local government is critical.

As earlier mentioned, IPWEA (NSW) recently conducted a survey across NSW Councils and on engineering skills capacity which revealed some alarming results. With over half (55%) of Engineers responding who are now over 50 years of age, coupled with a skills shortage already evident, it is imperative that Governments across all levels to take measures to immediately incentivise investment in new skilled and qualified Engineers for the future.

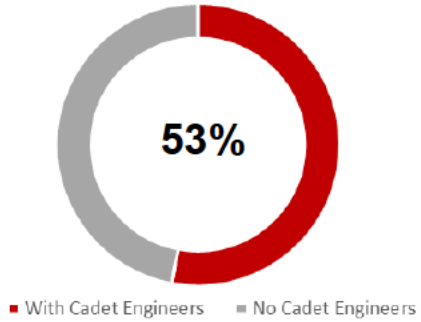
IPWEA NSW Respondent Demographics
Age



Source: IPWEA (NSW) 2018 Audit of Skills Capacity in NSW Local Government

Moreover, the survey likewise revealed that the commitment to invest in future generations is also of growing concern, with only 53% of Councils surveyed engaging with cadet engineers. With an ageing workforce, increased public infrastructure spending, it is crucial to invest in skills generation for the future. Employing cadets in local Councils offers the opportunity to "grow your own", retain career opportunities, local employment and keep families together in regional communities; ensuring local knowledge is both available and retained.

NSW Councils Surveyed



Source: IPWEA (NSW) 2018 Audit of Skills Capacity in NSW Local Government

Again, investing in future generations makes it all the more important because of the following:

- NSW Councils own and control assets with a total value of over $139 billion. The largest component of Councils' asset base is infrastructure, with a net value of over $83 billion. Roads and related assets (e.g. bridges and footpaths) make up more than 50% of infrastructure assets.

- 16% of council's direct expenditure is on roads, footpaths and bridges, 10% on Water and Sewer and a further 16% on Environmental and waste including storm water management.

- Governments at all levels have recognised that there are significant challenges to meeting community expectations in the delivery of infrastructure projects and there is the need to invest in skills, address the ongoing maintenance and renewal of our community assets, deal with emerging technologies and importantly manage risk.

- If the issues are to be resolved, governments need to invest in their workforce in order to attract and retain skilled Engineers and technical professionals and support future cadets.

- NSW along with other states are facing an aging workforce especially in local government engineering and a loss of skills and corporate knowledge will affect the capacity of the sector to deliver safer communities unless we upskill a new and emerging workforce.

The Government has introduced excellent incentive programs for Civil Construction trainees and apprentices, but is not currently addressing the shortage of qualified Engineers.

With the right incentive programs, Councils can offer a breeding ground for future professionals to deliver high quality infrastructure and services to their communities. In regional areas of Australia, this offers the opportunity for employing and retaining young innovators of the future within regional townships.

IPWEA (NSW) therefore urges the Australian Government to adopt a policy setting that offers support to Councils through a National Cadet Engineering Program. This program should offer initial funding support, and graduated retention payments to Councils to train and grow people for the future. The Australian Government should also investigate ways to partner with Universities and professional associations to deliver fit for purpose training and on-going development. It is imperative for the government to act now in order to secure the talent it needs for the future.

III. The Regulatory Burden on Councils

In 2016, the Independent Pricing and Review Tribunal (IPART) conducted a review of the regulatory burdens on Councils. The IPART review was intended to "identify inefficient, unnecessary, or excessive burdens placed on local government by the State in the form of planning, reporting, and compliance obligations and to make recommendations for how these burdens can be reduced". IPART's report called for the State to work as a partner with local government when giving Councils additional responsibilities by considering the cost to Councils, by taking a whole-of-government approach, and by adopting risk-based approaches, including support for Councils where needed. It presented some recommendations to change the way state develops regulatory proposals and delegate responsibilities to Councils to guarantee that impacts are taken into account and that the requirements are reasonable. However, state government has yet to act on these recommendations.

While a review was already undertaken, we continue to raise concerns on the ongoing regulatory burden on local government brought about by complex planning, reporting, and compliance requirements as all these have ramifications on local government's ability to deliver future and maintain existing infrastructure assets. New South Wales Councils are subject to various statutory obligations. It is well accepted that these requirements have expanded significantly over time, and added dramatically to the administrative workload (and budget demands) of Councils. Most of these activities are legislatively mandated by the state (LGI 2006).

The Local Government Act 1993 provides NSW Councils with their major powers, functions and responsibilities. However, it is also recognised that Local Government is spread across a diverse range of responsibilities and come under one or a number of Acts that involve Public Land and Infrastructure, Water and Sewerage, Building and Construction, Community Order, Health, Waste Management and Animal Control. All these require undue multiple reporting in a format different to other government agencies. In particular, Local Government is responsible for over 120 other Acts, such as the Environmental Planning and Assessment Act 1979, the Roads Act 1993, Protection of the Environment Operations Act 1997, Water Management Act 2000, Swimming Pools Act 1992 and Companion Animals Act 1998 (NSW ILGRP 2013). The Local Government Act sanctions Councils to plan and manage local services and infrastructure in consultation with their communities.

The relevant legislations that affect local government are as follows:

Building and construction:
Building Professionals Act 2005
Environmental Planning and Assessment Act 1979
Plumbing and Drainage Act 2011
The Disability (Access to Premises- Buildings) Standard 2010
Building Code of Australia

Community Order:
Gambling (Two-up) Act 1998
Gaming Machines Act 2001
Graffiti Control Act 2008
Liquor Act 2007
Local Government Act 1993
Registered Clubs Act 1976
Restricted Premises Act 1943
Retail Trading Act 2008
Security Industry Act 1997
Trees (Disputes between Neighbours) Act 2006

Environment:
Coastal Protection Act 1979
Contaminated Land Management Act 1997
Environmentally Hazardous Chemicals Act 1985
Filming Approval Act 2004
Fisheries Management Act 1994
Local Government Act 1993
Local Land Services Act 2013
Local Land Services Amendment Act 2016
Marine Pollution Act 2012

Noxious Weeds Act 1993
Pesticides Act 1999
Protection of the Environment Administration Act 1991
Protection of the Environment Operations Act 1997
Recreation Vehicles Act 1983
Waste Avoidance and Resource Recovery Act 2001
Biodiversity Conservation Act 2016

Animal Control:
Companion Animals Act 1998
Prevention of Cruelty to Animals Act 1979

Local Government Administration:
Election Funding, Expenditure and Disclosures Act 1981
Government Advertising Act 2011
Government Information (Public Access) Act 2009
Local Government Act 1993
Public Interest Disclosures Act 1994
State Emergency Service Act 1989
State Records Act 1998

Planning:
Environmental Planning and Assessment Act 1979
Explosives Act 2003
Community Land Development Act 1989
Heritage Act 1977
Local Government Act 1993
Mining Act 1992
Strata Schemes (Freehold Development) Act 1973
Strata Schemes (Leasehold Development) Act 1998
Strata Schemes Management Act 1996
Biodiversity Conservation Act 2016

Public health and safety:
Boarding Houses Act 2012
Explosives Act 2003
Firearms Act 1996
Food Act 2003
Holiday Parks (Long Term Casual Occupation) Act 2002
Local Government Act 1993
Major Events Act 2009
Motor Vehicles Sports (Public Safety) Act 1985
Public Health Act 2010
Public Health (Tobacco) Act 2008
Public Works and Procurement Act 1912
Rural Fires Act 1997
Smoke Free Environment Act 2000
State Emergency and Rescue Management Act 1989
Swimming Pools Act 1992

Tattoo Parlours Act 2012
Work Health and Safety Act 2011

Public land and infrastructure:
Cemeteries and Crematoria Act 2013
Children (Protection and Parental Responsibility) Act 1997
Crown Lands Management Act 2016
Commons Management Act 1989
Electricity Supply Act 1995
Forestry Act 2012
Game and Feral Animal Control Act 2002
Gas Supply Act 1996
In closed Lands Protection Act 1901
Impounding Act 1993
Library Act 1939
Local Government Act 1993
Biodiversity Conservation Act 2016
Petroleum (Onshore) Act 1991
Pipelines Act 1967
Roads Act 1993
Road Transport Act 2013
Transport Administration Act 1988
Western Sydney Parklands Act 2006

Water and Sewerage:
Water Act 1912
Water Management Act 2000
Water Industry Competition Act 2006

Some examples of refinement that could be considered include[4]:

Environmental Planning and Assessment Act 1979

Section 76A – Complying Development - The definition of complying development is far too restrictive. Most minor domestic construction should either be exempt or complying development but the reality is that the definition of complying development means that even very minor domestic construction often requires both development and construction certificate applications. This significantly adds to costs and delays for both the applicant and council.

Environmental Planning and Assessment Regulation 2000

Clause 62 – Responses by Concurring Authorities - There needs to be a deadline set for the provision of concurrence following which the consent authority should have the power to determine the application if no response has been received from the concurring authority.

Clause 70 – Responses by Approval Authorities - As for concurrence roles a deadline needs to be set for the provision of general terms of approval for integrated development. The

[4] IPWEA NSW Submission on IPART's Review of Reporting and Compliance Burdens on Local Government, 2015

consent authority should have the power to determine the application if no response has been received from the approval body.

Clause 130AB – Notification of Complying Development - Certifiers are required to provide 14 days' notice to adjoining and nearby development of an intention to issue a complying development certificate. This is notwithstanding the fact that a certifier cannot refuse to issue a complying development certificate if it meets the quantitative standards and that adjoining and nearby owners have to be provided by separate (7 day) notice of the commencement of building work. There is no apparent rationale for the 14 day notice required by clause 130AB.

Local Government Act 1993

Section 27 – Reclassification of Public Land - The use of the local environmental plan process for the reclassification of public land can be unwieldy, time consuming and expensive. But putting aside whether or not this process should be applied, where there are no public submissions in relation to the reclassification of public land the Council should be allowed to make a simple determination without having to amend its local environmental plan.

Section 48 – Responsibility for Public Reserves – This section effectively transfers to Councils the management of much of the Crown Land estate in NSW. However the terms of the delegation provided through the provisions of the Crown Lands Act 1989 means that there is considerable duplication and wasted resources for leases and licences as invariably there are separate approval processes for Council and Crown Lands.

Section 356 – Providing Financial Assistance to Others – Whenever Council receives requests outside its annual donations program by charitable and not-for-profits volunteer based organisations for the waiving of development application fees or for the provision of small donations it must be reported to Council for adoption. Councils should be allowed to set aside a budget item for such matters and they be attended to under delegated authority

Section 644B – Establishment of Alcohol-Free Zones – The establishment of alcohol free zones is very onerous in terms of the required process and the fact they can only be for a fixed term requiring the process to be repeated for their renewal

Protection of Environment Operations Act 1997 & Protection of the Environment Operations (Waste) Regulation 2014

There are onerous reporting requirements/compliance in relation to waste management involving the following:

- Environment Protection Licence - Annual return (Old Landfill Site)
- Environment Protection Licence - Annual return (New Landfill Site)
- Monthly monitoring, sampling and testing as per EPA licences
- Special frequency sampling and testing as per EPA licences
- Reference data sampling and testing as per EPA licences
- Event based sampling and testing as per EPA licences
- Offsite bore sampling and testing as per EPA licences
- Monitoring, sampling and testing of leachate discharges as per EPA licence revised operating procedures (ROP)

- Analysis and assessment of surface and ground water quality data
- Preparation of EPA reporting
- Website – publication of all monitoring data, annual returns, pollution incidents
- Pollution Incidence Response Management Plan (PIRMP) reporting
- Monthly Reporting - Waste and Environment Levy (section 88)
- Protection of the Environment Operations (POEO) Bi annual - volumetric surveys
- Annual Local Government data survey
- Regional Waste Groups – Quarterly reporting of landfill disposal tonnages

Also onerous reporting requirements in securing grant funding for local programs, including but not limited to:

- Community Recycling Centres (CRC)
- Better Waste Recycling Funds (BWRF)
- Waste and Sustainability Improvement Payment Programs (WaSIP)

Whilst it should be expected that human health and safety demands the requirement for the testing and reporting of leachate and other potential pollutants, the reporting requirements around the waste levy on Coastal Councils have nothing to do with human health and safety but rather relate to the use of solid waste as a tax base. For this, Council provides monthly reporting of data for the waste and environment levy and bi-annual volumetric surveys.

The designation of solid waste as a tax base has also spawned some rulings which have further increased the complexity of the reporting. For example if the basis of the waste levy is to provide an incentive to industry to increase recycling opportunities, why are Councils (and their communities) forced to account for and pay the waste levy on products which cannot be recycled or reused for safety reasons. These products include contaminated soils, asbestos and treated timber. Councils also have to pay the waste levy on material imported to the waste depot for operational reasons, like clay for daily landfill cover, clay for external cell walls, gravel for internal haul roads and capping materials for completed cells.

Companion Animals Act 1998

Section 8 and Section 9 – Identification and Registration of Companion Animals – The separation of the process of identifying companion animals from the process of registering companion animals continues to confuse pet owners as well as resulting in additional effort by the pet owner and a doubling up of data maintenance.

Government Information (Public Access) Act 2009

Section 25 – Requirement for disclosure log –Most GIPA requests received by Council are very specific pertaining to neighbourhood disputes or litigation. Because the requests are so specific, the commitment of time to a disclosure log cannot be justified. With the very slight chance that a GIPA request might be repeated, the staff processing the request will certainly be aware of any other requests and will not duplicate work.

Crown Lands Management Act 2016

Division 5.5 & 5.6 – Leases and Licences of Crown Land – Notwithstanding Councils' delegated role of trustee of Crown Land it has no power to authorise leases or licences of Crown Land. This frequently results in "double handling" and inconsistent advices when

members of the public make separate representations to both the Council and the local Crown Lands office.

Roads Act 1993

Sections 35, 36 & 37 – Process for Completing Road Closures – the process required for even minor and non-controversial road closures is lengthy requiring a 28 day exhibition period and notice to be published in the Government gazette. For minor non-controversial matters there should be a less onerous process.

Section 38 – Council (unformed) public roads vest in the Crown on closure – This provision effectively negates any Council endeavour to capitalise on many unused or underutilised sections of road which could be sold to adjoining property owners. To this extent both the local government area, the Crown and the community are the losers as a consequence of lost opportunities for economic development.

Integrated Planning & Reporting (IP&R)

As previously mentioned, Councils are responsible for delivering, managing, and maintaining infrastructure for their communities. As a guidance, the Integrated Planning and Reporting (IP&R) framework was established. One of the main considerations behind the introduction of the IP&R framework in NSW was the need for councils to properly address issues of assets and financial management (Bass 2012). The IP&R framework essentially requires Councils to consider the necessary infrastructure assets as well as their lifecycle costs that are required to deliver on the community's strategic plan. The framework has been an effective policy guidance as it provides Councils with a uniform set of standards that they can utilise as a framework for common application. A crucial aspect of the IP&R Framework is that asset management should focus on service delivery and that assets provided should be appropriate and meet cost and quality standards taking into account the needs of the community. There is, however, a need to simplify the framework to both lessen the reporting burden while improving accessibility and comparability between Councils and for the public.

IPWEA NSW notes current IP&R systems within local governments do vary and the Destination 2036 process identified a desire to streamline the process with a consistent set of measures across the state that are relevant to the wider community, are easily collected and applicable across all Councils.

Many Delivery Programs and Operational Plans (DP/OPs) currently scatter the elements of infrastructure management and expenditure under four or five key pillars. Whilst this has the advantage of linking infrastructure provision with service outcomes, it is often difficult to associate infrastructure types with a single pillar. The result is infrastructure programs and expenditure are scattered across the pillars in an attempt to provide balance in the DP/OP document.

This ultimately has the effect of making it difficult for readers to see the overall summary of infrastructure management and expenditure. Whilst the supporting documents (eg Asset Management Strategy and Plans) hold the detail, many simply choose not to refer to these due to their length, technical content and complexity.

A key goal must be to improve the transparency of infrastructure management. The simplest and most effective way to achieve this would be **to modify the IPR guidelines to require single chapter in all Delivery Programs and Operational Plans titled 'Infrastructure'**.

The recommended format of a dedicated infrastructure chapter within the DP/OP should include as a minimum:

a. a planned summary of expenditure compared to the required need (in effect a modified Special Schedule 7)
b. a summary of planned outcomes for ratios, including previous and projected trends (as per Fit for the Future)
c. high level details of proposed works programs clearly identified as maintenance, capital renewal/upgrade or capital new
d. key performance indicators
e. notations to explain to the community the direction Council is taking and how it will sustain its infrastructure in the short, medium and long term

This chapter then becomes the key high level of summary of planned action, bringing the issue of infrastructure expenditure required to deliver an agreed level of service, to 'front of mind'. The format of this chapter can be developed to reflect, at a high level:

- management of key risks
- decisions relating to the ability of a Council to meet its commitments to renew infrastructure compared to upgrading and/or providing new infrastructure within a financially sustainable framework

This approach provides the ideal blueprint to:

- help measure Council's performance in planning for its infrastructure
- provide a basis for auditable reporting at the end of the year, and the four year Council term, on the performance in delivering against the agreed plan
- acknowledge that all decisions need to ultimately relate to the preparedness of communities and government to pay for a particular level of service

IPWEA NSW along with the NSW Roads and Transport Directorate have been strong proponents of an Asset Management and the Integrated Planning and Reporting regime. The IPWEA-developed International Infrastructure Management Manual (IIMM) has been developed to meet this need. The manual is an excellent example of the guidance. It also provides a sound basis for the ongoing auditing of the asset management function.

Initiatives developed by IPWEA which will assist Councils in developing their community strategic plans include:

- The International Infrastructure Management Manual (lIMM) which is a comprehensive guide covering planning for assets
- The NAMS.PLUS training programme which provides Councils with the knowledge and framework necessary to develop asset management plans.
- The development of the NAMS Australian Infrastructure Financial Management Guidelines (AIFMG) that provides a national standard for financial reporting on infrastructure assets
- The Roads & Transport Directorate Fair Value Valuation Guide can assist Councils in meeting the Department of Local Government requirements for revaluation of road and drainage assets.

Within the AIFMG, substantial changes have been introduced with various Australian Accounting Standards, the issue of AASB 13 on Fair Value Measurement and recent pronouncements by the AASB on residual value for long life infrastructure assets. The impact of these changes are addressed with significant updates in the AIFMG to provide the latest industry guidance on how these accounting requirements should be met.
IPWEA NSW is fully supportive of this approach and to some extent is already providing integrated and consistent reporting through encouragement of regional networks for asset managers and the Biannual Roads and Transport Road Asset Benchmarking Reports and development of a uniform Road Condition Assessment tool.

Further to this, IPWEA NSW would support the reported Guiding Principles of Local Government to include:

- encourage stewardship and facilitate sustainable, responsible management of resources, infrastructure and development
- optimise technology, and foster innovation and continuous improvement

The recognition of integrated planning and reporting as a strategic planning framework tool seeks to provide improved management of actual or potential risk to outcomes, supported by an appropriate assurance framework. IPWEA NSW believes this identification and reporting of risk will need to encompass more than a purely accounting function but recognise the engineering and public safety attributes of risk management to best serve the community.

IPWEA (NSW) acknowledges that regulation is a necessary function of all levels of government and are in place in order to provide protection and advance the best interests of the community. However, it is imperative that the regulations are efficient and do not impose unnecessary burdens and compliance based accountability so as not to restrict flexibility for local government. Councils are already faced with added work which may arise from poor designed and implemented regulation that often results in duplicative reporting requirements thus imposing unnecessary costs to the community. A recent study by Verity (2018), commissioned by the Roads and Transport Directorate and IPWEA (NSW) found that council asset managers have been under intense pressure to meet growing legislative reporting requirements and additional capacity and resources will be required to combine and improve asset registers, systems and business processes for all Councils.

The development of a streamlined planning system with standardised documentation would minimise the amount of reporting that Councils need to fulfil. This would, in turn, impact positively on Local Government costs and allow expanded service delivery.

IV. The cumbersome environmental archaeological and biodiversity processes and approvals on projects

Major projects in Australia are subject to a wide range of government regulations and development controls applied at the local, state and/or Commonwealth level. These regulations are designed and implemented to serve the public interest by delivering the necessary outcomes in a variety of ways such as protecting the community from health and safety risks and managing environmental, social and other development-related impacts that may arise from a project. While the regulations and controls are intended to deliver specific benefits and avoid undesirable impacts, they add a layer of cost to doing business and may be particularly burdensome if they involve unnecessary duplication, or are poorly designed.

Added unnecessary processes often lead to longer construction times and hence may impact on the commercial viability of some projects.

A review of the planning and development approvals processes in all Australian jurisdictions was undertaken by Infrastructure Australia in 2009. The review found a wide range of issues and highlighted three problem areas including fragmented processes that contain disparate approvals with differing objectives at all levels of government, multiple layers of approval and decision-making that operate both between and within levels of government, and a lack of strategic planning (Infrastructure Australia 2009).

IPWEA (NSW) believes that the current approval process on projects is mired by bureaucracy, duplication and therefore needs further streamlining. The current system of approvals is observed as inconsistent, complex, duplicative, and administratively inefficient. According to the Business Council of Australia (2016), "there are an estimated 31 different pathways for major project approval across Australia. Planning approvals often take too long, impose too much cost and create a disincentive to invest. It should take no more than 12 months to assess and approve a major project, but it often takes multiple years and sometimes five years or more". Moreover, the problem of delays is particularly severe for major project approvals. A one year delay for a major project could result in societal costs of $26 million to $59 million a year (Productivity Commission 2013). Added to this are consequent costs such as reduced government revenue and forgone investment and employment opportunities. Changes in the current planning system can assist local Councils in improving their performance in dealing with development applications. The current regulatory framework results in inefficiencies including the need to obtain two approvals for the same activity. Multiple pathways for assessing biodiversity impacts can also create confusion for proponents and inefficiencies for each level of government.

IPWEA (NSW) would like to take this opportunity to bring this to the Committee's attention. At present, the development approvals process continues to be quite cumbersome and time costly for most project proponents. Proponents argue that tedious environmental impact statement requirements, regulatory duplication, lack of coordination are causing an excessive burden. Councils are responsible for the local government approvals process which accounts for more than 95% of development applications in NSW therefore strengthening the argument that the system whereby local Councils have to deal with a complicated planning approval process, needs changing.

The recent introduction of the Biodiversity Conservation Act (BC Act) and Local Land Services Amendment Act (LLSA Act) which repeals the Threatened Species Conservation Act 1995, the Nature Conservation Trust Act 2001 and parts of the National Parks and Wildlife Act 1974 and the Native Vegetation Act 2003, have resulted in new regulations, a Biodiversity Assessment Method (BAM), offsetting rules, sensitive biodiversity mapping, a credit pricing spreadsheet and other guidance documents.

These new regulations which commenced on 25 August 2017 will have significant impacts on the way projects are assessed and offset in NSW. One example is with regard to offset processes under the new regulation as opposed to separate biodiversity considerations in Council planning strategies. According to the Planning Institute of Australia (2017) *"Many Councils have adopted biodiversity strategies based on available scientific evidence and which have been developed with local landowners and community stakeholders. These strategies typically have a broader emphasis on habitat, rather than the specific conservation of threatened species and communities. As a result, Councils when assessing development will be obliged to reconcile the outputs of Biodiversity Assessment Reports with the considerations of their adopted strategies. Council officers will be expected to judge the*

extent to which proposed offsets also meet their policy objectives and include conditions on consent or reject development accordingly. On appeal, this will place Councils in the position of disputing the relative merits of their adopted policy versus the output of the BAM. This is an unnecessary and costly proposition. This also means that there are some duplications, possibly in field work or even assessment models. This is ineffective as a process."

As previously discussed, Councils are already facing challenges in finding suitable people to perform specialized functions. These new regulations could potentially allow for further complications to arise due to the fact that majority of local Councils would not have trained staff experts knowledgeable of the new systems. While there is provision for capacity building for local government in the regulation, training in the new BAM system must be continuous in order for all council officers required to assess BAM reports to be skilled so to avoid inefficiencies that could lead to delays. Council officers must be trained to ensure that the information provided by the accredited assessor is accurate and can be easily integrated into the conditions arising from a council's local biodiversity policies.

V. Raising the threshold or trigger point for which projects must be referred to the Public Works Committee from $10 million to $50 million

Public works in Australia take place in a largely devolved environment, where individual agencies manage their own property requirements and the delivery of public works projects. Under this devolved model, proponent agencies, including local government, all have an important role in the public works scrutiny process, which includes providing information to the Public Works Committee of the proposed works and their estimated cost.

IPWEA (NSW) is supportive of the Committee's work in inquiring into the scrutiny of public works. Scrutiny of public works is necessary to hold people, governments, and companies accountable. Moreover, infrastructure projects have financial, social and environmental impacts on local areas and on the community at large and therefore scrutiny is important to ensure there is certainty that these projects will be able to deliver the intended benefits in accordance with the planned costs and timelines.

However, we would like to convey that for the Committee's future reference, we recommend that the threshold trigger point for which public works must be referred to the Parliamentary Standing Committee on Public Works for scrutiny be raised from the current $10 million cost of completing works to $50 million to allow the Committee to focus on higher risk and higher value proposals with more significant public impact.

IPWEA (NSW) also believes that the $10 million hurdle is very low especially for local government as it is faced with considerable scrutiny already. As mentioned previously, certain policy changes that have been introduced such as the introduction of the Integrated Planning and Reporting (IP&R) Framework in 2012, the Fit for the Future Program in 2014, the forced amalgamations and the transition of audit oversight and reporting to the NSW Audit Office, have put Councils under tremendous pressure to meet growing statutory reporting requirements. Moreover, there has been a high and continuing scrutiny of asset management plans and supporting data. Also, although Councils are allowed the flexibility to generate additional income through special rate variation, the process of applying for higher general revenue upon which the Independent Pricing and Regulatory Tribunal (IPART) scrutinises the wisdom of the proposed expenditure, adds more to the administrative burdens that confront local government.

Procuring and delivering infrastructure projects can be a complex and cumbersome process for Councils as there are many steps involved before a project can come to fruition - from project conceptualization to securing project funding, which in itself involves numerous steps and documentation. The following is an outline of the typical process that Councils undertake in the delivery of public works projects:

1. Project Concept - This is the initial stage that involves the conceptualization of the project
2. Preparation of Initial Project Plan/Drawings/Scope – This stage typically involves the process of identifying, validating and scoping a project. It is in this stage where the need for the project is determined. This stage allows the project team to outline the objectives and scope of the project.
3. Preparation of initial project costings/budget
4. Community consultations (if required)
5. In principle approval of project concept plan and budget
6. Identify funding sources following approval – Funds for capital works are not always from the same source and may be obtained internally or externally from one or more of the following sources:

    - General revenue
    - Loans
    - Reserves
    - Federal/State Grants
    - S94 developer contributions - Development contributions are payments made to Council to provide public facilities and services required as a consequence of development. Section 94 of the Environmental Planning & Assessment Act 1979 is the principal legislation allowing Council to levy these contributions.
    - Special Rate
    - Special Rate Variation – Before Councils are allowed a special rate variation, they would need to go through a whole separate process of demonstrating to IPART that there is a community awareness of their plans, a demonstrated need for higher increases to charges; a reasonable impact on ratepayers; a sustainable financing strategy, and a history of well-documented council productivity improvements.

7. Prepare and submit required project approvals:
    - Environmental Planning and Assessment
    - Development Application

8. Prepare detailed design
    - Structural
    - Hydraulic
    - Safety (if required)

9. Prepare specification for works
10. Call tenders/quotations for the project
11. Prepare tender evaluation report
12. Let tender and programme works

With the many requirements that Councils already struggle with, subjecting all public works projects costing $10 million to scrutiny will add to additional administration and compliance costs for local government as this low trigger point would mean every road, bridge,

sewerage scheme, water treatment plant, convention centre, etc. – virtually every project that Councils undertake, can be brought to question. As concerned citizens can request to initiate scrutiny proceedings, any local government project can potentially encounter problems which may arise from complaints from troublesome ratepayers and disgruntled unsuccessful suppliers. Proceedings could lead to disputes and litigation which could potentially lead to the project being pushed further into the future and consequently incurring additional costs and losses to the community.

Conclusion

IPWEA (NSW) is a recognised leader in the field of infrastructure and asset management. Our experience within the local government sector indicates that we are well placed to influence positive change.

This submission, while not directly addressing the terms of reference, provided insights on the various challenges that local government contend with in fulfilling its critical role in delivering and maintaining efficient and effective infrastructure and services for their communities. These issues have been put forward with the hope of initiating discussions on:

- The role and size of Local Government in public infrastructure delivery
- Increasing the engineering skills capacity of local government through the recognition of Engineers (qualified people to manage our infrastructure) and the need to invest in future generations.
- The regulatory burden on Councils
- The cumbersome environmental, archaeological, and biodiversity processes and approvals on projects
- Raising the threshold or trigger point for which projects must be referred to the Public Works Committee from $10 million to $50 million

Again, we appreciate this opportunity to make representations and share our views through this submission. We contend that improved engineering capability and capacity in the public sector - particularly within local government - can assist the State Government in delivering community infrastructure projects and policy initiatives, while at the same time providing best-value investment in local community assets. This could be achieved through policy improvements to the regulatory framework within the local government sector, with even minor adjustments having far-reaching consequences. It is hoped that this submission has contributed to advancing the debate on what actions are necessary in bringing about improved public infrastructure provision in New South Wales.

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