



4th August 2020

Productivity Commissioner

By email: ICReview@productivity.nsw.gov.au

Submission to the NSW Productivity Commission's issues paper – review of infrastructure contributions in New South Wales

Dear Commissioner,

WSROC welcomes the NSW Government's commitment to delivering a reformed infrastructure contributions system that achieves greater certainty, transparency, efficiency and fairness in infrastructure funding and delivery.

We also welcome the opportunity to provide a submission on the NSW Productivity Commission's issues paper.

Our submission does not duplicate the efforts of individual member councils, rather it highlights a few contemporary issues from a Western Sydney regional perspective that could be addressed from the reform of the system of contributions. This document should be viewed in addition, and complimentary to submissions as prepared by our individual member councils.

Overall comment/observation:

We would like to highlight that infrastructure funding or infrastructure contributions are different to infrastructure financing. Financing is how you meet the upfront costs of building the infrastructure, funding is how you pay for it over its lifecycle. WSROC believes that the Productivity Commissioner's review should acknowledge and address both issues.

Emergency Management Infrastructure.

It would be fair to state that emergency management infrastructure in NSW varies greatly in quality and levels of fitness for purpose. This is not just a question of adequate funding; it is also affected by governance structures and the lack of a strategic narrative, especially in the urban environment.

The State funds RFS facilities, but councils' fund SES facilities. There is a distinct lack of a coherent policy framework that brings some efficiency and logic as to how emergency management infrastructure is built, operated and maintained.

For example, there has been a protracted dialogue surrounding the issue of funding for the provision of, and the maintenance of SES facilities being the responsibility of local government whilst funding for RFS is the responsibility of the State. Although the RFS assets, over which councils have absolutely no control are, under the fiction that is local government accounting in this State, council assets shown on its books.

It is in the interests of both State and Local governments to ensure that optimum outcomes are achieved from limited resources. WSROC continues to advocate for quality RFS and SES facilities (multi-purpose with appropriate common admin, logistic and C2 arrangements), which are aligned to the current and planned development within our cities, to be adequately funded.

Either;

- the State to take on the funding of new and existing SES facilities as emergency management is a State responsibility, OR
- for RFS and SES facilities to be funded via a separate charge which is separately identified and levied via council rates notices, but which is separately controlled by the State. Alternatively, the capital costs of developing new emergency management facilities be recovered from infrastructure contributions.

In any case, the assets of RFS and SES should be removed from the books of local government as the practical control of those assets,

- in the case of RFS, currently lies with RFS; and
- in the case of SES, given the comments above, should lie with SES.

Such facilities must not only be adequately funded throughout their lifecycle, they must be delivered under a governance model that is effective in achieving optimum operational outcomes.

We need to simplify where capital, maintenance and operating costs are sourced. In one recent example the SES have \$20 million to spend on a facility but the local council cannot provide the land on which it is to be built for economic reasons.

Urban Heat.

Extreme heat events and heatwaves are two of the greatest resilience challenges facing the Greater Western Sydney region with critical impacts for community health, household budgets, economic productivity, infrastructure and the environment. While it has always been hot in Western Sydney, temperatures in the West are increasing at twice the rate of the Sydney CBD. A key contributor is rapid urban development whose design exacerbates an already hot region.

Fortunately, the urban heat island effect can be mitigated to an extent through good urban planning and design. In December 2018, WSROC launched its Turn Down the Heat Strategy (enclosed); Western Sydney's first region-wide, multi-sector approach to mitigating and adapting to heat. A significant portion of this strategy looks at changes to the way we plan and design new communities, including promotion of the use of cool materials, air-flow, green space, water-sensitive urban design and infrastructure adaptivity.

Blacktown Blue Mountains Cumberland Fairfield Hawkesbury Lithgow Liverpool Parramatta

The use of heat refuges (air-conditioned public buildings), tree canopy cover and the use of water to mitigate increasing urban ambient temperatures are critical tools to maintain liveability throughout the region.

There is now little argument that trees and water infrastructure to cool the environment are considered as essential, not just for liveability but especially for vulnerable communities it is a matter of survival.

The essential works list should now include the planting of trees and the widespread use of water sensitive urban design infrastructure to cool the environment.

Social infrastructure.

Funding adequate levels of social infrastructure such as sports facilities, community centres, libraries and swimming pools is a major challenge for local government; particularly in rapidly growing areas such as Western Sydney. These facilities are key to liveable communities however, councils' ability to attract funding under the existing arrangements; rates, grants and developer contributions is limited.

For example, traditionally, developer (Section 7.11) contributions have been used to cover all necessary works such as roads, drainage, open space and community infrastructure. Unfortunately, the latest government policy stipulates that if councils wish to charge more than \$30,000 per lot/dwelling in its contributions plans, it cannot include community and social infrastructure in those plans as they are considered 'non-essential' under the Essential Works List (EWL).

This has significant implications for the region's liveability as Sydney's new growth areas will miss out on the social infrastructure that the established areas of Sydney have enjoyed since the Environmental Planning and Assessment Act was introduced in 1979. The cost of providing such infrastructure is significant. For example, the value of social infrastructure needed to accommodate growth in the Blacktown LGA over the next 20 years which is unfunded under current arrangements has been assessed at \$276 million¹. The funding shortfall throughout the entire Western Sydney region has been estimated at over \$2 billion over the next 20 years.

A plan to resolve the funding shortfall through an appropriate level of infrastructure contributions or a once-only grant from the Commonwealth and State Governments should be a component of the reform process.

Funding for sub-regional/regional scale infrastructure

It appears that infrastructure needs normally falling within the jurisdiction of the State Government i.e roads, health facilities, educational facilities, utilities etc are generally adequately funded and receive adequate attention.

¹ Based on the standard which was permitted by Government prior to social infrastructure being removed from the Essential Works List.

Similarly, but within the financial constraints of Councils due to rate pegging and limitations associated with other forms of sourcing infrastructure funding, local social infrastructure receives adequate attention from Local Government.

What is more problematic is the funding of social infrastructure that delivers sub-regional or regional benefits. For example - a sporting, health and recreational centre that clearly serves the interests of a number of LGAs (a sub-region) that should attract the attention of the State Government and not only of the LGA that is proposing the facility.

It appears that joint funding for these types of facilities appear haphazard and in some cases overtly politically motivated through the provision of selective “grants”. It is difficult to reconcile why tens of millions of dollars are granted by the State Government to professional sporting bodies to develop or improve their infrastructure while denying any co-contribution to a Council project that would deliver superior health and sporting outcomes to an entire region.

Other regional funding requirements include;

- increased land dedication to Councils for waterway improvement outcomes,
- direct funding for water sensitive urban design (WSUD) infrastructure, and
- riparian enhancement.

This recognises that public benefit and costs from large scale projects occur beyond individual council borders and the Commissioner should consider that the importance of this feature for funding blue-green infrastructure is recognised, as has been reflected in the Parramatta River Masterplan, DPIE’s place making initiatives and the GSC’s vision for a greener Greater Sydney through a blue green grid.

Yours sincerely,

