

NSW Review of Regional Infrastructure

March 2017



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Centroc's Mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional co-operation and sharing of knowledge, expertise and resources; effectively nurturing sustainable investment and infrastructure development.

www.centroc.com.au

31 March 2017

Reference gr:jb 031731
Enquiries: Ms J Bennett: 0428 690 935

Ken Gillespie
Regional Infrastructure Coordinator
Department of Premier & Cabinet
GPO Box 5341
Sydney NSW 2001

Dear Mr Gillespie

Re: NSW Review of Regional Infrastructure

Central NSW Councils were delighted to meet you on your recent visit to the region.

We congratulate you on your role as NSW Regional Infrastructure Coordinator, and look forward to working with you to deliver infrastructure in regional NSW.

Centroc provides the following feedback for your consideration in your report. The advice is in three parts:

1. Feedback to your email request for information on infrastructure programming
2. Other information that might be of interest and
3. Opportunities for short term wins

Please ring anytime for more information on 0428 690 935.

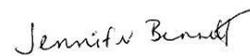
Yours sincerely,



Cr John Medcalf

Acting Chair

Central NSW Councils (Centroc)



Jennifer Bennett

Executive Officer

Central NSW Councils (Centroc)

Feedback to the email request for information due 31 March

Local and regional priorities for delivery and whether these priorities match published programs.

Please find attached the presentation we provided to the at time Treasurer, the Hon Gladys Berejikian on the infrastructure prioritisation multi criteria analysis which:

- Has been gifted to the State
- Is inexpensive
- Grows the capacity of Councils and their communities in understanding the funding framework
- Has the opportunity for the State to review and offer to all regions with a view to ongoing incrementally improving consistent prioritisation advice to the State
- Is a product of the collaborative effort of Centroc and RDA Central West
- Is based on the funding framework as it stands
- Has interest of other ROCs
- Through its use has identified challenges with the funding framework especially for community projects
- It is noteworthy that State documents and processes are unwilling to accept advice from this matrix, for example the Regional Plan for this area.
- While useful in many ways it does not preclude the need for Councils to be spending significant monies making the case for investment from State funding programs under the current treasury Guidelines.

The identification of impediments, or potential impediments, to infrastructure delivery and how these impediments might be reduced for the accelerated delivery of approved projects.

| Impediment | Solution |
|---|---|
| Strategic framework –absent or misaligned | Honest conversations and planning with Local Government at the table– cf Victorian Model. Take the time, get it right, do it once. Sharing of information – if the State already knows what its priorities are – why not share them with Local government (eg tourism funding) |
| Funding framework – not optimised, not developed <i>with</i> Local Government or understanding its variable capacity. | There are a variety of potential solutions here. One is direct funding to Local Government where they have a good track record. Where they don't, the appropriate support should be provided. Where Centroc can some way with mutual support and can be useful as a funding administrator, we can only go so far with existing resource and structural arrangements. ¹ |
| Regulation and governance - not keeping up with innovation – Smart Cities – Smart Regions AER and Streetlighting are a case in point. Others include most everything to do with | It is shameful that problems like tourism signage (TASAC) have been allowed to fester for over a decade. Some honest brokerage and top down pressure would be useful to get some change on |

¹ Centroc is a Section 355 committee of Forbes Shire Council, while Forbes has been very supportive it is unreasonable to expect them to carry the risk for infrastructure projects being delivered across the region.

| | |
|--|--|
| <p>railways and tourism. “Rules” for funding for water infrastructure based on best practice framework which is variable and tortuous. It is particularly galling when the State does not regulate itself in the same way it does Local water Utilities.</p> | <p>the more intransigent problems. The issues around the regulatory framework limiting activity on water infrastructure need to be sorted. The Centroc Water Utilities’ Alliance can provide detailed advice here.</p> |
| <p>Fit for purpose processes, particularly consultation, is generally absent.</p> | <p>Consultation in the region should be codesigned with Local government. Again, leverage the regions.</p> |
| <p>Siloisation, centralisation and poor corporate response State agencies hold up approval processes and as they are siloed one may fund a project and another not approved it. Sydney not responding effectively to the region is another problem – especially in Planning. Interpretation of the silo’s corporate view generates problems for example for three year we have been unable to secure a MoU on drinking water quality with health.</p> | <p>In our view there are mechanisms that will help where good will is the first step. For more detail, please find attached the Centroc response to the Minister on JO Legislation.</p> |
| <p>Change or churn? It does get exhausting and does not reflect well on the State. Eg: 1. The Regional Plan for Central NSW and Orana was originally supposed to include growth and infrastructure. The scope changed and now it is primarily land-use. Timeframes have been variable and in the end we still haven’t seen a final plan after nearly three years of significant effort by Councils to meet every deadline with quality inputs. This is not the fault of the excellent agency staff in the region – something seems to happen to the output when it goes to Sydney. 2. Making it Happen in the Regions Central NSW Orana – commenced, over promised – went nowhere. 3. Joint Organisations – significant effort in this region has merit and potential but seems to be on the back burner. 4. Review of DPC regional governance arrangements for about 3 years. 5. Churn of change in machinery of government.</p> | <p>This problem may be inherent in the political timeframe. At the very least, speeding up processes would help. Codesigning them with Local Government would help. Grounding them in Integrated Planning and Reporting would connect them to community.</p> |
| <p>Perceived culture of disrespect especially for Local Government.</p> | <p>Cultural change is always difficult. Some structural change around allowing communities easier control over Council income would be one good step – change the Special Rate Variation process.</p> |

The identification of longer term efficiency measures which will improve the delivery timeframes of projects still under development.

Longer term efficiencies will be driven through:

- Reducing the “approval” and funding complexity – look to programs like Roads to Recovery as a better model.
- Using something like the Centroc Matrix to identify the bigger regional programming.
- At the very least - telling Councils what is going on, for example the \$ and what the objectives are early in the piece so we can help. Better would be codesign of strategic processes and funding programs to ensure fit.
- Being consistent. Get Ministerial sign off on a process then do it. The blowing out of timeframes where Councils have to race to meet deadlines then nothing happens for at times years – is impacting on the State government’s reputation.
- Honest, respectful conversations.

Observations on the availability, inclusiveness and the level of government support available, or necessary, for Local Government Areas in developing infrastructure proposals and delivering projects.

This is variable at best and generally absent.

There is a definite opportunity for thought to be applied to optimising proposals from regions. Councils have varying need for this support and on a regional basis can usually identify Councils who need more support.

As a rule of thumb the smaller the Council the greater their task with smaller resource though this does not always apply. For example, some larger Councils really struggle to deliver optimal value to Councils due to churn in senior management.

Throughout the reform period there has been a lot of discussion around Councils “scale and capacity” to deliver services to community. A significant number of Councils in Centroc were deemed unfit on the basis of population. These Councils often cover large geographical areas with corollary road infrastructure tasks. In a rate capped environment they are financially constrained.

ROCS and Joint Organisations can also provide support to Councils in scale and capacity through best practice in a variety of way where more detail can be provided.

Seating support resources with ROCs would give State agencies a good insight into the needs of Councils and the way the system works from a local government perspective. For example agency program designers and program support personnel work inside ROCs for the appropriate period to best leverage ROC intelligence and relationships.

Priority projects which are not included in published infrastructure programs.

Please find attached the Centroc Matrix.

It would appear that priority is determined by silo, be it Local Government, Health, RMS etc. There is little or no leverage of community aspiration as described in Community Strategic Plans(CSPs) by the State despite attempts by Local Government to engage. At present CSPs are evolving to Local Government delivering on projects for which it can have control as their response to community, At the same time Councils are toning down advice on community aspiration with State and Federal responsibility in an effort to manage expectation. This is a missed opportunity driving by as we speak.

The presence of regional strategies and plans, the level of regional cooperation in the development of these strategies, and harmonisation measures for regional and State expectations and priorities.

Regional Plans are either under development or mostly absent. The current government has been trying to remediate this with mixed success.² Local Councils material engagement in State planning is patchy and generally absent.³ There are some good, simple ideas in the Namoi and Illawarra to turn this around. More detail can be provided.

Generally, there is good engagement between Councils and between ROCs. Centroc has a highly functional relationship with its RDA described by its action focussed MoU. There is a growing relationship between ROCs and some State agencies. DPC has been reviewing its processes to help harmonise relationships in region through its Regional Coordination Branch. After about three years they are now into implementation phase.

Our region believes DPC is under resourced and underpowered to deliver effective intergovernmental collaboration in the regions.

The presence of Federal and State projects in regional areas where funding and delivery priorities do not match.

The main issue in this regard for our region is roads. The classification of roads by owner is a slow moving and as funding does not change, self limiting process in NSW. As our region has 25 mines slated for potential development over next 25 years, there is a changeable need for roads which Councils ultimately manage. The roads around Cadia Mine are a case in point. While the development process does provide some support here it is not enough and Councils find themselves funding roads for which the State gets significant royalties. The way rating works provides no assistance either.

The various committees, steering groups, associations, liaison officers and lobbyists associated with infrastructure project delivery in your area/region.

² Please request examples.

³ Best practice in engagement uses for example IAP2. While the rhetoric around State engagement is good, the practice generally does not reflect it.

The most successful structure to progress **delivery** of an infrastructure project in NSW under the current regime is the DPC Taskforce. This was used to deliver the Macquarie Pipeline. This process is administered by the State and well recognised by agencies. More detail can be provided.

DPC has a Regional Leadership Executive though to date this does little around infrastructure or regional development though there is change happening in this space.

Centroc resources a number of committees that grow capacity and support infrastructure programming. This includes resourcing an intergovernmental collaboration of State and Federal agencies looking to optimise outcomes for transport, primarily the road task. We have also rolled out infrastructure programming though not new builds. This is working well and more detail can be provided.

We also work closely with RDA using an MoU. RDA has a role in this space as eyes and ears and this could be better leveraged.

Other feedback for Premier

Managing perceptions

While there is no Board policy on managing perceptions, the following advice is provided based on conversations in the region.

What happened in Orange and what was the amalgamation component?

Before this recent election Orange was a safe as a State seat for the Nationals and before Peter Andren, a bell weather seat Federally. This tells you that there is always a personal element in politics in our region. In the national and global shifts in thinking about governance and politicians and considering the influences of factors like social media the following are the specifics around local government reform and the communities of Central NSW.

The Local Government Reform Agenda

Local Government is a particular challenge for the Premier. It has been traditionally seen as a lower order portfolio, if not the lowest. At the same time it is generally doing remarkably well as an industry given its constraints. Our experience through the Pilot is that the State bureaucracy generally has a similar dismal view of Local Government.

In contrast, as an industry working with the State but following an intelligent and contemporary reform journey, it is the position of the Centroc Board that the State is process rich and outcome poor.⁴ Frankly, it could learn a lot from Local Government about consultation, fit for purpose processes and governance.⁵

Local government is constantly reforming. Arguably the two most significant reforms in the past decade are:

1. Integrated Planning and Reporting (IPandR) – a process that empowers community and wraps everything Council does around talking to the community and delivering on its aspirations.

The key feature of IPandR is the Community Strategic Plan (CSP). This document is in the language of the community and describes its aspirations and priorities for itself. The Council and State agencies are supposed to respond to the Plan and deliver infrastructure and services in line with these aspirations. Councils do, from what we can see - agencies don't – certainly not at the Local level.

This process is only ten years old and the presentation in Parkes 28 March shows how it builds trust relationships of steel with the community. Most communities in Central NSW are going through their second round. Arguably, the smaller the community - the faster and stronger the community empowerment.

⁴ Please request any amount of background material to support this

⁵ Ibid

2. Destination 2036

The Minister for Local Government Don Page invited every Mayor and General Manager as well as the ROCs to Dubbo late 2011. It was a very positive, open and collaborative that provided broad brush advice to a plan for Local Government Reform.

All members of the Central Board and the Executive Officer were there. A significant part of the conversation was around doing business differently and making better use of the ROCs and other cross Council collaborations. Ultimately this led to the idea of Joint Organisations.

What did this mean for the Orange bi-election

1. Where the commitment at Destination 2036 was a shared journey of the State and Local Government somewhere along the line there were secret KPMG reports, amalgamations and the like. Councils were determined “Fit for the Future” or otherwise based around principles that just didn’t work in regional NSW.

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2. Perceptions of State capacity to comprehend regional NSW Councils and communities were low. Through the reform period they got lower.

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3. Local Government’s strengthening relationship with communities through IP and R was being challenged by a process Councils would have to say was disingenuous. Even Councils who were somewhat supportive of amalgamations in principle were underwhelmed by the approach.

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4. In a national conversation about political arrogance enabled by social media and shock jocks, disrespect and communities not being heard, the poorly executed process could not have come at a worse time.

No doubt there were other influences like the candidature, preference deals and flows.

Recommendations to rebuild relationships with community:

The State investing in community priority recognising CSPs through their Councils would be good. A one off payment at around \$2m/Council with minimal funding hurdles has been talked about in this region. Concurrently investing time in building better relationships through the IP and R process with community will avoid perceptions of a “buy off”. The ROCs can help efficiencies for the State with such an approach.

Some other considerations for the Premier

The opportunity to leverage the regions

Most regions are growing their ROC capability – the patchiness is in capability more than anything else. It is hard yards without an incorporated or some other entity that can shop (sign contracts on behalf of the region) or shed risk.

Hunter and Riverina have incorporated structures – we need Ministerial sign off to be able to incorporate. Centroc is pursuing this but it has not been granted to others in recent times eg. CBRJO.

Recommendations to leverage ROCs

In our view there are many opportunities for the State to leverage entities like ROCs. There is a stack of advice here including providing advice to the Premier of State priorities and other apples with apples regional data. More detail can be provided. If the mandated approach is unlikely, try carrots – there is \$75M in the coffers post non-mergers, so we believe all regions could be better resourced than previously proposed to kickstart this process. **There are informal networks and meetings of the ROCs and JOs that could be good to engage with. .**

Jails

Interesting to see the front page of I think the Telegraph yesterday with a top cop saying jails don't work for first time drug offenders.

For more background see and some compelling facts see the Ted Talk embedded in this page:

http://www.huffingtonpost.com.au/entry/drug-addiction_n_7765472

There is interest in our region on place base approaches like the Bourke Justice Reinvestment Program. Cowra is well into this work. Ultimately its about building less jails.

Getting Smart and leveraging place

The Federal government is exploring the potential of leveraging place through vertical alignment in the Smart Cities and Suburbs approach.

This follows international City Deal models in the UK. The Regional Australia Institute produced a report that could be useful:

http://www.regionalaustralia.org.au/home/wp-content/uploads/2016/04/Deal-or-No-Deal-Bringing-Small-Cities-into-the-National-Cities-Agenda_April-2016_FINAL.pdf

It would be great to see more alignment in NSW with this opportunity.

It's not all about infrastructure

Our region would be assisted by funding to help build intraregional tourism and vibrancy. There are funding ready projects in the tourism space.

Opportunities

There are a number of smaller scale projects that would add value regionally that could be rolled out through the ROCs.

These include man-hole replacement, smart water metring, solar panel/storage and smart controlled LED lights.

A one pager on the LED Smart control initiative follows. More detail can be provided on the others:

LED Smart control initiative

Why?

- Up to 80% less power and less GHG than current lighting;
- 0.7% failure rate of luminaires - well below failure rates of current technology;
- Cheaper , safer, better light with more community control;
- Takes this technology outside the AER regulatory system – less reporting burden on Councils – current system is clunky, expensive and a poor fit with the task;
- Communities own the data – DNSPs provide advice that under the regulatory framework they must own the data – this is poorly tolerated by elected reps;
- Councils will own and operate the infrastructure for the services they are responsible for under the Roads Act;
- Scalable and future proof technology;
- Alignment with Smart Cities and other strategies;
- Price of sensors is falling dramatically – they can do many things like count people and traffic, support emergency management, WIFI etc etc;
- Potential for operating system and smart control to work in with smart water meters and other technologies into the future ; and
- Economies of scale and scope.

What?

- Smart controls on LED lights owned and maintained by Councils in regional NSW. These are able to deliver a bundle of options as per the Georgia Power slide below.
- CBD smart poles owned and designed per community.
- Operating system optimised for future scalability

Costs

Ball park \$600 per fitting with approx 70,000 luminaires in southern NSW = **\$4.2m.**



Potential Service Bundle Offerings
w/ Eco-System Partners

- **Basic Bundle**
 - Dimming and scheduling
 - Camera surveillance
- **Security/Public Safety Package**
 - Camera surveillance
 - Dimming and scheduling
 - Public Safety Push to Talk
 - Gunshot /chemical/radiation detection
 - Advanced camera package: facial recognition, license plate reader
- **Operations Efficiency Bundle**
 - Traffic control/pattern recognition
 - Parking Optimization
 - Environmental Monitoring (temp/RH, rainfall, pollution, etc.)
 - Portal Access
- **Communications/Quality of Life Bundle**
 - Public WiFi
 - Community Messaging/Concealed Placement Speaker
 - Ambient lighting and music
 - Digital Signage (for ad revenue or public service banners)
 - Electric Vehicle Charging



This does not include the added costs of the smart poles in CBDs as they vary dependent on the task required and how “artistic” they are - see for example the Arini image above.

Who is interested?

Initial interest has been expressed from the ROCs/Jos of southern NSW. This is yet to be formalised.

What needs to happen to enable this?

- Formal support from Councils. ROCs to facilitate.
- Transfer of ownership to Councils where they have gifted the infrastructure and there is no residual value to be transferred back from DNSPs. The Treasurer can facilitate this.
- Detailed business case. Funding. Support from State as a collaboration would help.
- Work across JOs/ROCs to optimise a roll out process. This is our core business though having an entity to do this work eg incorporate/JO would help.

For more information please request the IPWEA Street Lighting and Smart Controls Road Map