

Planning and Financing Growth Centres - Role of Local, State and Federal Governments (Central Coast Region, NSW, Case Study)

Submitted to the New South Wales Independent Pricing and Regulatory Tribunal (IPART)

Responding to a Submission by the Central Coast Council for a Rate Rise above the 2% Allowable Annual Rate Rise Increment as Set by the State

Dr. Ray Rauscher



Dated: 18 March 2021

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I submit this paper on planning and financing growth centres in the context of the roles of Local, State (New South Wales) and Federal Governments. It is written in the light of the Central Coast Council's (herein called the Council) current position (March 2021) of a budget blowout of \$547m and a request to the New South Wales Independent Pricing and Regulatory Tribunal (IPART) for a rate rise of 15% (an increase above the 2% allowable annual rate rise increment as set by the State). The paper will address:

1. Local Government Rates, Building and Services in Growth Centres
2. State and Federal Governments' Planning and Financing Growth Centres
3. Planning for Future of Growth Centres

Introduction

In the development of any urbanizing area (city or region) there are fundamental planning and financing tools. At various times the governance bodies contribute different expertise. In this paper's focus the bodies are the Central Coast Council, State of New South Wales (NSW) and Australian Federal Government. The starting point for any review is the Central Coast Region (consisting of former Gosford City and Wyong Shire) being declared a NSW Regional Growth Centre in 1975 (*Central Coast Structure Plan* (DoP 1975)). Before examining three key questions around growth centre planning and finance, the significance of population growth on the Central Coast needs to be addressed.

Population growth on the Central Coast has been a major issue since 1975 (noted in the above Structure Plan release). Hence the region has experienced growth from 70,000 residents (1975) to the current population of 354,915 (February 2021) and a projected population of 414,615 in 2036 (additional increase of 59,700 people over 15 years) (references: idcommunity demographic resources <https://forecast.id.com.au/central-coast-nsw> and *Central Coast Planning Strategy 2036* (DPIE 2018)).

Projecting ahead 20 years to 2056, this author estimates a likely population will be close to 500,000 (½ million) (an increase of 85,385 from the projected 2036 population). In summary from the 2021 population (354,915) there could be an increase of 145,085 people on the Central Coast by 2056 (that is within 35 years). To examine this projection within on a timeline looking backwards from today (2021), 35 years ago (that is 1986) is not considered a long time ago in people's minds. In conclusion, population growth and the challenges it presents to Local, State and Federal governments planning and financing is a core significant factor. The aspect of sustainability (environment, social and economic) is essential to address. What choice within governance decision making (Local, State and Federal) will be offered to Central Coast residents in determining an optimum and sustainable population for the Central Coast?

There are three major factors within this population question that will need to be considered in any review by all three levels of governance (Local, State, and Federal), namely:

1. Quality of life of all Central Coast individuals (including implications of Covid-19 pandemic)
2. The movement of a portion of Greater Sydney's growing population (under State planning timeframes) to the Central Coast
3. Impact of population increases on the environment of the Central Coast

Given these factors related to population growth, this paper focuses on the planning and financing of the Central Coast Growth Centre. It's acknowledged that the Central Coast Region is one of five NSW urban growth centres within and adjacent to Greater Sydney. The other four centres are: South West Sydney; Western Sydney; Illawarra-Wollongong; and, Greater Newcastle Metropolitan Area.

Any examination of planning and financing population growth by the State and Federal Governments needs to incorporate the Central Coast Council and the Central Coast community (i.e. through elected representatives and the wider electorate). Some planning, finance and governance review areas that the State and Federal Governments could consider in reviewing the Central Coast Growth Centre (and in turn other growth centres as noted above) include (as addressed in this paper).

1. Local Government Rates, Building and Services in Growth Centres
2. State and Federal Governments' Planning and Financing Growth Centres
3. Planning for the Future of Growth Centres

1. Local Government Rates, Building and Services in Growth Centres

There are two questions here for the State to address:

1.1 Rates Variation

The options for a rates variation was adopted by Council on 17 Feb 2021. The resolution recommended a permanent (ongoing) 15% increase. This has been submitted for approval to the State's Independent Pricing and Regulations Tribunal (IPART).

1.2 State Cost Shifting to Local Government

Cost shifting signals a council carrying financial impositions by the State. The cost shifting is within a context of a council existing as a statutory body created by the State. The council's councillors can be dismissed by the State (as occurred with the Central Coast Council in 2020). Thus cost shifting to local government, as one issue, needs review, including (for example) in areas of: waste charges; and, costs associated with State owned land and water assets such as Tuggerah Lakes and their foreshores. The Lakes and foreshores, for example, require continue Council upgrading, recreation use provisions and maintenance (i.e. dredging and stabilisation of The Entrance Channel). Finally, at the same time local government in Australia has no constitutional recognition to better position itself in areas such as cost shifting. It's been suggested that most Australians favour a local government constitutional recognition.

2. State and Federal Governments' Planning and Financing Growth Centres

There are a number of questions for the State and Federal Governments to address under planning and financing of growth centres as follows:

2.1. Major Open Space and Wildlife Corridor Systems

Major open space provisions such as the Coastal Open Space System (COSS) needs review of a greater funding role of the State and Federal Governments (including planning, additional acquisitions, use of and maintenance). In addition, the State needs to examine how conservation and wildlife corridors can be further established, expanded and maintained (see State Government's *North Wyong Shire Structure Plan 2012*). This is especially so in the growth development release areas such as Lake Munmorah and the extension of the COSS program into all of the former Wyong Shire area of the Central Coast.

2.2. Local and Regional Roads

Many of the roads on the Central Coast are designated 'local' by the State (thus funded by the Council). A State review of those roads that could more logically be designated 'regional' is needed. In addition, many roads designated 'regional' and maintained by Council under agreement with the State (with a subsidy to Council) needs to also be reviewed. The State indicated via a press release on 25 Jan 2021 (Coast News) that it will be reviewing these road designations throughout the State to (quote) 'ease the associated costs to councils (and thus ratepayers)'.

2.3. Bus Transport and Bus Shelters

The State, given its provision of new buses to Central Coast bus companies (as well as the State collection of fares and provision of information plinths) should take over the role of providing bus shelters. There is a pressing need for bus shelters over the entire Central Coast. Apparently the Council does not have the financial ability to provide and maintain these shelters. In one suburb alone, Springfield, there are 18 bus stops in the main bus route (total stops covering both directions) and only 2 shelters. This situation exists in a suburb that was targeted by State zoning for rapid development in the 1970s (50 years ago). It's surmised that the Central Coast residents' low bus patronage (excluding school runs) is partly a result of poor bus infrastructure such as appropriate and modern shelters (i.e. containing lighting, etc.).

2.4. Transit Ways

It's noted the State has funded (around year 2000) 3 new Transit Ways (Parramatta to growth centres of Liverpool, Rouse Hill and Blacktown). This included state of the art bus shelters (with time boards, bike racks, adequate seating, night lights and emergency telephone). There are many opportunities for the State to undertake Transit Ways on the Central Coast. The first such route would be from Woy Woy via Gosford, Erina, Bateau Bay, Tuggerah, Wyong, North Lakes and Wyee. It is understood that the Central Coast Sustainable Transport Group submitted this proposal to the NSW Minister for Transport in 2020.

2.5. Bikeways

There appears to be a major need for a greater take up by the State in financing bikeways and related infrastructure on the Central Coast. The current expenditure on bikeways is inadequate in meeting the bikeway plans as adopted by the Council.

2.6. Gosford Transport Interchange

The Gosford Transport Interchange needs a total upgrade similar to Newcastle Interchange. This is particularly the case for the bus waiting area as this area is antiquated and totally inadequate for a growth centre. Upgrades such as electronic bus time signage, seating and commuter protection from wet weather needs attention in a master plan. This would include finance from the State and/or private public partnerships (PPPs) (such as the Newcastle example cited).

2.7. Heritage Planning

The State needs a major role in heritage planning (including signage) in centres such as Gosford City Centre and other major and minor Central Coast CBDs.

2.8. Footpath and Curb and Gutter Provisions

The State needs to consider assisting Council in undertaking footpath and curb and gutter provisions throughout the urban areas. It is understood that there is a Council 50 to 60 year backlog (mostly in established areas) in the provision of this essential infrastructure. The Council budget is miniscule compared to this backlog, suggesting some urban areas will never see adequate footpaths and curb and guttering. In respect, for a growth area designated in 1975 as noted in the introduction, this situation would appear to be a dysfunction of governance provisions. The issue thus needs a partnership solution between the Council and the State.

2.9. Cultural and Community Service Facilities

Cultural and Community Service facilities on the Central Coast need to receive better State and Federal Governments support in planning, financing and upkeep. This upkeep of facilities happens extensively in Sydney where State cultural facilities, for example, are readily State funded. This includes Sydney's museums, culture, performing arts centres, and the recent (2021) \$40m upgrade of the Wharf Theatre in The Rocks.

There is a recent case study on the inability of State, Federal and Local governance to engage the Central Coast community to build a Central Coast Performing Arts Centre (PAC). The project was promoted over 20 years (2000-2020) by the local community. The failure to see this facility eventuate (as reported in the local newspapers The Advocate and Coast News over several years) appears to be attributed to a lack of agreement (in site location and finance) by the State, Federal and Council. As a result it's suggested the Central Coast community's confidence in the three levels of governance working together was diminished. A review of projects such as PAC would be valuable for future need provisions (often generated from the community level).

2.10. Library and Recreation Facilities

In respect to Gosford CBD library (replacing the existing one) it has taken Council (given funding shortages) over 25 years (1996-2021) to plan, allocate finance, and agree on a site. On 17 Feb 2021 the Council (via the Administrator) agreed to finance the new library. This long timeline suggests Council's inability to be able to finance some major service provisions

such as libraries and recreation facilities and thus needing review. Central Coast residents note, for example, the State is assisting Greater Sydney in the rebuilding, upgrading and operation of the NSW State Library and numerous sporting complexes. The State has financed the new Parramatta Stadium (2020) and has put forth plans to rebuild other Sydney stadiums.

2.11. Central Coast CBD Main Streets Upgrading

The State may need to expand areas of financial assistance and consider joint programs with Council to upgrade many Central Coast CBD main streets. These include, for example, CBDs of Woy Woy, Ettalong, Umina, North Gosford, East Gosford, Erina, Bateau Bay, Long Jetty, The Entrance, Tuggerah, Wyong, Toukley, Budgewoi and Northlakes. This could include a review of funding for upgrading and provision of traffic calming, public amenities (i.e. toilets), open spaces, infrastructure, rest areas, landscaping, passive recreation, children's play areas, seating etc.).

3. Planning for the Future of Growth Centres

There are several questions for the State and Federal Governments to address under the planning for the future of growth centres, as follows:

3.1. Local Government Reform Process

On a broad basis the State and Federal Governments may need to review their local government reform processes. The State for example commenced its local government reform investigations in 2012 (main document being *Destination 2036*). It's noted that this process commenced before the State legislated amalgamations in 2016 within the *Local Government (Council Amalgamations) Proclamation 2016*. The State's amalgamation steps affected the Central Coast councils of Gosford and Wyong. It is understood in effect that the two councils were amalgamated (as a Central Coast Council) via an ultimatum by the State (as reported in the Sydney and Central Coast papers in late 2015). It was reported that the Gosford Mayor's delegation to the Minister for Local Government at the time was informed the State would amalgamate the two councils were Gosford Council not to agree to amalgamation. In general the sentiment on the Central Coast (then and now in 2020) was that the residents were not effectively and fully engaged by the State in its amalgamation review process. That said, the State may need to review the full implications of the amalgamation, including related costings incurred by the new Council and extended finance impositions on ratepayers now and into the future.

3.2. State Significant Areas

A review may be needed on the implications (i.e. planning and finance at State and Council levels) of the State designation of 'State Significant Areas'. Gosford City Centre, for example, is designated a revitalisation area (under the State's *Gosford City Centre Revitalisation Program 2018*). There are planning and finance implications of this designation for Gosford CBD. A wider public understanding of this State planning process is needed, given there are other major development areas that would warrant State initiated (in cooperation with Council) revitalization attention. These may include centres within the following urban growth corridors: Woy Woy-Umina Corridor; Somersby to Erina Corridor, Tuggerah-Wyong to Warnervale

Corridor, The Entrance-Long Jetty and Bateau Bay Corridor, and Northlakes to Lake Munmorah Corridor.

3.3. Development and Value Capture Planning

Despite the development of the Central Coast (as a designated Growth Centre), there appears inadequate financing (Federal, State and Council levels) of a range of affordable and social housing, open and public spaces and sustainable transport (examples noted above). A State review of this financing challenge could incorporate looking at expanding the band of urban development finance approaches. One system widely used in other countries and occasionally in Australia (i.e. in transport projects such as the planned Aerotropolis in Southwest Sydney and Metro Sydney) is Value Capture Planning (VCP). The subject covers developer provisions and land value capture levies. See a current book (2021) on the subject of VCP entitled *Renewing Cities with Value Capture Planning* (Rauscher 2021). The book develops a VCP model and applies this model to four growth areas (case study in brackets): Greater Sydney Inner City (Waterloo-Redfern); Greater Sydney Middle City (Canterbury-Bankstown); Central Coast (Gosford City Centre); and, Newcastle Greater Metropolitan Area (Newcastle West End).

3.4. Central Coast Region Gaining City Status

The loss of the designation of 'Gosford City' under the amalgamation noted above may need to be addressed by the State. City status, for example, has a range of financial, state, national and international advantages to capitalise on. The State, it is noted, refers within its State Significant revitalisation plans for Gosford CBD (see above 3.2) as plans for the 'Gosford City Centre'.

The State may wish (in cooperation with Council) to establish and fund a 'Committee to Investigate Central Coast City Status'. The committee would investigate all implications (pluses and minuses) of the potential for the Central Coast achieving city status. Such a committee could spend up to two years to complete its task (including engaging the electorate and working within the Central Coast Council chambers). In time the Committee (in cooperation with Council) would present a report for comment to the electorate and then to the State. The report would include comments on how other urban and regional areas have achieved city status.

In addition, it is important to ensure democratic procedures are used in consideration of city status. A referendum on city status could be considered for the 2024 NSW local government elections. Were the results to indicate a majority in favour of city status the implementation of that move would again be the responsibility of the Committee to Investigate Central Coast City Status. The referendum could offer names for such a city, including for example: City of Gosford Wyong, or City of the Central Coast. Within a city designation there could then be designated a number of city centres for planning and financing, including: Gosford Centre (potentially keeping its current State designated 'regional capital'), Woy Woy-Umina Centre, Tuggerah-Wyong Centre, The Entrance-Long Jetty Centre, Toukley Centre, Northlakes Centre, and so forth.

3.5. Governance and Elections Review

There have been recent suggestions by Central Coast residents over the 2020 and 2021 period (see Coast News) and by the Council Administrator (Dick Persson) of the need for a local government governance and elections review. The governance of Council (including number of councillors, ward systems, and structures for engagement of the public) is an important review area given the Central Coast is a growth centre. The Administrator has recommended a referendum for the coming 2021 election with one option being to reduce the number of councillors from 12 to 9 and eliminating the wards.

A wide review of the Central Coast as a Growth Centre (especially for planning and financing) is critical (as noted in above examples). A review could tie into the State's local government reform process noted earlier (see above 3.1). The review could also tie in the Federal Government's review of local government planning and finance. This could include consideration of constitutional recognition (1.2 above). Finally, there are many other alternatives that should be considered in reviewing governance for planning and financing growth on the Central Coast and other growth centres (noted in the introduction above). Some of these alternatives relating to Greater Sydney and growth centres are addressed in the recent book *Cities in Global Transition* (Rauscher 2017 Chapter 18).

Conclusions

Many of the suggestions herein in this paper could apply to other NSW council areas (especially Growth Centres). This suggests a full review of the position of NSW local government in regards to financing growth and development. This should include a review of State and local government population projections as noted in the introduction (including post covid-19 urban planning implications). Any review should also look at local government growth planning and financing (including State and Federal government's roles as noted in examples within this paper).

Any review needs also to project ahead to the year 2056 (the year the NSW State is using in its forward planning as noted). The NSW Parliament's consideration of the citizen petition proposing a NSW Parliamentary Judiciary Inquiry is important. The petition requests investigation of the financial position of the Central Coast Council. In addition the petition prompts consideration of planning and financing the Central Coast as a growth centre. The petition is scheduled to be tabled in Parliament 6 May 2021. Parliamentary and State endorsement of the petition is an important starting point in addressing issues and concerns raised by Central Coast residents on the planning and financing of the Central Coast Region's growth.

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