

20-Year State Infrastructure Strategy – Discussion Paper

LGA Submission

July 2019

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Introduction

The Local Government Association of South Australia (LGA) welcomes Infrastructure SA's *20-Year State Infrastructure Strategy, Discussion Paper*, and appreciates the opportunity to provide a response.

The LGA is the voice of local government in South Australia, representing all 68 individual councils across the state and the Anangu Pitjantjatjara Yankunytjatjara. We provide leadership, support, representation and advocacy on behalf of South Australian councils, for the benefit of the community.

The LGA is a strong advocate for policies that achieve better outcomes for councils and the communities they represent. Councils are a partner in government and, with appropriate funding and partnership opportunities, can be part of the solution in addressing the infrastructure challenges South Australia faces in ensuring liveable, vibrant and prosperous communities.

Working together we can make our State an even better place to work, live and visit.

This submission is informed by consultation with our member councils.

The LGA and our member councils welcome the Liberal Marshall Government's creation of Infrastructure SA (ISA) as an independent body to promote the coordination, planning, prioritisation, delivery and operation of infrastructure for the economic, social and environmental benefits of South Australia.

The Premier's [Statement of Expectations](#) is of particular relevance for the local government sector, wherein they require the ISA Board to:

- *consult and establish productive working relations with key public and private sector infrastructure stakeholders; and*
- *promote best practice infrastructure planning, asset management, infrastructure project prioritisation and project assurance.*

Investment in public infrastructure provides the foundation for economic and social progress. Local government is responsible for a range of public infrastructure and facilities that support families and businesses, create and support economic opportunity and build community inclusion and safety.

Community demands for better and additional local government facilities and services continue to grow. All spheres of government must ensure that assets are built, maintained, renewed and replaced in a manner that meets the service needs of their communities.

Policy and legislative reform is needed in relation to planning, funding and use of infrastructure to ensure that critical infrastructure responsibilities are managed as well as they can be for the benefit of South Australians.

This submission draws on critical insights from South Australian councils and highlights the opportunity for closer coordination to maximise the public benefits of federal, state and local government investment in infrastructure.

Local government as an infrastructure partner

The development of a well-considered, evidence based *20-Year State Infrastructure Strategy* provides a significant opportunity to progress a holistic approach to infrastructure issues. It is essential that the Strategy gives appropriate consideration to the contribution, opportunities and challenges associated with local government infrastructure.

A key responsibility for local government is to provide, develop and maintain the infrastructure necessary to ensure that communities have access to safe and sustainable services. As local place makers, councils play an important role in supporting economic growth, social wellbeing and sustainable environmental management.

The Discussion Paper considers infrastructure to be the physical assets and structures that enable the services necessary to sustain or enhance the economy and liveability of South Australia. The LGA supports the strategic intent outlined in the Discussion Paper *to go beyond economic development infrastructure*.

A truly broad definition of infrastructure would also capture 'community development' and 'environmental management' aspects to reflect the full spectrum of state and local government physical assets, all of which in some way support the delivery of local, state and federal services.

In 2017-18, over 37% of council expenditure was on traditional infrastructure (transport and recreation), 25% was on community support (libraries, community centres, community transport, street lighting) and 21% was on environmental services (waste management, coastal adaptation, stormwater management).

Aligned with the functions of local government, as defined by Chapter 2(7) of the *Local Government Act 1999*, local government infrastructure can be broadly categorised as:

1. Infrastructure that supports economic growth

- Transport - roads (sealed and unsealed), bridges and culverts, footpaths and kerbing and aerodromes.
- Business Undertakings - caravan parks / tourist accommodation, car parking, Community Wastewater Management, and water supply.

2. Infrastructure that supports community development and wellbeing

- Recreation - jetties, marine and boating facilities, parks and gardens, sports facilities, swimming centres, and other recreation (ovals etc).
- Community Amenities - cemeteries, public conveniences, telecommunications.
- Community Support - community centres and halls, child care centres, and community transport.
- Libraries - library buildings, mobile libraries and housebound services.
- Public Order and Safety - street lighting, crime prevention, emergency services and fire prevention.

3. Infrastructure that protects the environment

- Waste Management - collection and disposal of solid waste, green waste, recycling, and waste disposal facilities
- Other Environment - coastal protection and adaptation, stormwater management, street cleaning, and street scaping.

South Australia's councils are the custodians of infrastructure on behalf of their communities. They are responsible for around \$24 billion worth of public assets and infrastructure and have a combined annual budget of over \$2 billion to manage these assets and provide local services.

While state and federal governments also invest in public infrastructure, the ongoing management of infrastructure remains a significant expenditure challenge for local government. Asset management is a critical responsibility of councils; one which requires fair and equitable access to funding. Relative to annual income, the local government sector is significantly more asset intensive (ie value of assets/income) than either the state or federal government.

Local government welcomes the support it receives from federal and state governments. However, Australia is moving into a major asset renewal phase over the next 20 years and community expectations of quality services and upgrades continue to grow. This is putting the level of investment required to renew and replace today's infrastructure beyond the capacity of councils and their rate payers. Councils are aware of the enormity of this challenge.

As such it is essential that the *20-Year State Infrastructure Strategy*:

- supports ongoing investment from the State Government in local infrastructure;
- advances the state's partnership with local government through collaboration towards shared objectives;
- identifies innovative funding models that provide certainty of funding for local government infrastructure while putting downward pressure on council rates; and
- supports joint advocacy to the federal government that unlocks fair and equitable funding opportunities for South Australia.

As highlighted by Infrastructure SA, the State Government has an ambitious target to grow the economy and population by 3%. However, targets cannot be met via ambition alone; evidence based strategic actions are required to achieve meaningful, sustainable outcomes. A *20-Year State Infrastructure Strategy* that does not give due consideration to local government's contribution will miss a significant opportunity.

The different responsibilities and priorities of state and local government can sometimes lead to fragmented investment and decision making. Strong partnerships will unlock potential to deliver meaningful outcomes, lower the costs for all governments, reduce wasteful duplication in building public infrastructure, and enable better use of existing assets.

Local government's vision is for effective partnerships in infrastructure planning and funding that create productive, liveable and safe South Australian communities.

Emerging pathways to growth

Question: What infrastructure investment would make the biggest impact to unlocking economic growth in South Australia in the next 0-5, 5-10 and 10-20 years?

Funding to renew local government infrastructure

Additional investment through local government is essential to help maintain the living standards of all Australians by fostering the equitable provision of local government services and infrastructure and maintaining local economic growth.

Investment in maintenance and renewal of local government infrastructure will enhance the attractiveness of South Australia as a place to work, invest and visit. A significant part of the annual spend by councils is devoted to the repair, maintenance and upgrade of public assets. This supports businesses, creates jobs and places councils as a driver of the economic development needed to maintain the living standards of current and future generations.

The Commonwealth Government's funding to local government through Financial Assistance Grants (FAGs) is critically important. Untied in the hands of councils, FAGs enable councils to provide a mix of services and infrastructure appropriate to their local circumstances and maintain the wellbeing of their communities. They help equalise the level of services across local governments nationally – particularly in rural, regional and remote areas – and they help fund the growth in demand for local government infrastructure and services in line with population growth.

FAGs were equal to around 1 per cent of Commonwealth taxation revenue in 1996. However, despite an annual growth rate in Australia's Gross Domestic Product of an average 3.47% from 1960 until 2017, FAGs have declined by around 43% in relative terms over the past 20 years, and now amount to approximately 0.55% (2018) of Commonwealth tax revenue.

LGA Recommendation – that the State Government, via the 20 -Year State Infrastructure Strategy, supports local government's request that the Commonwealth repair funding assistance to local government by restoring the quantum of Financial Assistance Grants to at least 1 per cent of Commonwealth taxation revenue.

Investment in local roads to address first and last mile pinch points on the freight network

More efficient transport routes connecting local businesses to national and global markets can help create more success and economic prosperity, particularly for regional communities.

Growth in productivity is essential for improving Australia's standards of living, competitiveness, safety and security. Commonwealth, state and local governments should work together to drive productivity growth by investing in infrastructure that increases our ability to move people and freight efficiently from where they are to where they need to be, at the time they are needed.

One third, or 213.9 billion tonne kilometres, of Australia's domestic freight were moved by road in 2015–16. As we experience further population and economic growth, South Australia's freight transport challenge will continue to increase. This will be significant in regional areas, in particularly the Eyre Peninsula following the closure of the rail network.

Local roads play an essential role in the efficient movement of freight, which is essential in our economy. However, first and last mile issues (bottlenecks and pinch-points typically caused when a local road network is not of the same standard as the major arterial network local road network) are increasing the time it takes for freight to travel from sender to receiver.

There is a need to unlock local and regional productivity through investment that improves access for freight vehicles and connectivity between local roads and preferred state and national freight networks. Similarly, investment in reducing congestion and improving public transport will unlock productivity in metropolitan areas.

South Australian councils are ready to work together, and with the state and federal government, to undertake regional planning on behalf of their region. These regional plans could be developed in all regions and can provide the basic building blocks for project identification, prioritisation and investment to drive productivity improvements across council boundaries and in some cases jurisdictional boundaries.

Recommendation – that the State Government, via the 20 -Year State Infrastructure Strategy, support local government’s request that the Commonwealth to invest \$200 million per annum over five years to prepare and implement a Local Government Higher Productivity Investment Plan.

This initiative could result in a \$1.66 billion cumulative Gross Domestic Product benefit by year 3 and create 2,300 new jobs across all Australia.

Population growth challenges

Question: What strategies should be adopted to ensure Adelaide maintains its liveability as it grows?

State Government investment in community infrastructure

As well as unlocking economic growth, investment in local government infrastructure can improve community development and wellbeing.

South Australia faces significant community wellbeing issues, including youth unemployment, drug use, obesity, mental health and social isolation. Councils are part of the solution; they provide the community infrastructure and services that create resilient and vibrant communities. As the closest level of government to the community, councils have the local knowledge of service gaps and needs of the most vulnerable members of the community.

Stronger infrastructure partnerships between all spheres of government will build social capital and enhance community wellbeing. Federal and state government support is needed for cooperative approaches to upgrade infrastructure and facilities so as to improve access to social and community services.

Small grant programs to upgrade or build infrastructure can achieve significant improvements in public health and safety, social inclusion and community wellbeing. However, stop-start and ad hoc funding programs for improvement of neighbourhood infrastructure and community facilities create uncertainty for councils, as well as private developers/investors. With long-term certainty and leadership from federal and state governments, councils can contribute funding to ongoing programs by accepting responsibility for maintenance of any new facilities that are built, with council approval, on council land.

Investment in community infrastructure will create jobs, support the lifestyles and living standards, give better access to online support services, and enable towns to attract and retain population, particularly in regional and rural communities and high growth urban communities as our population ages.

There is a need for resources to ensure that local community infrastructure across a range of activities can be appropriately maintained and brought up to a standard which allows equitable access for all.

Through the Australian Local Government Association (ALGA), councils across Australia have identified almost 1,000 community infrastructure projects with a value of more than \$1.5 billion that are ready to commence when additional funding support becomes available. Many of these are in South Australia.

Recommendation – that the 20 -Year State Infrastructure Strategy supports local government’s proposal for a \$20 million a year over the next four years to councils to manage and operate a community led neighbourhood infrastructure renewal program in South Australia.

Acknowledge, measure and address the backlog in state and local road maintenance

Adequate funding is needed to maintain the safe and high quality road infrastructure that is essential for improving Australia's standards of living. South Australian councils and communities continue to be concerned about the poor condition of State Government owned main roads in both metropolitan and country areas.

Roads provide essential linkages for many of South Australia's key industries, and improvements in the quality of South Australia's roads will increase productivity, international competitiveness, and deliver benefits directly to communities and businesses.

Construction, repair and upgrade of local roads and bridges will play a key role in improving the safety on local roads, benefitting families, communities and businesses.

South Australia's local road network is disadvantaged by an unfair share of federal road funding. Our state has 11% of the nation's local roads, 7% of the population, yet only receives 5.5% of the Identified Local Roads component of FAGs.

The LGA and our member councils have welcomed the investment in the 2019-20 Federal Budget of \$40 million to continue supplementary road funding for two years (2019-20 and 2020-21). This two-year extension provides the Commonwealth with time to work collaboratively with state and local government in South Australia to find a permanent solution that will provide our sector with certainty in the long term. The State Government can help to address this inequity with strong advocacy to the Federal Government for ongoing supplementary road funding for South Australia.

Both metropolitan and regional communities have an expectation to access quality and safe road networks. However, there needs to be a spotlight on the safety of our major regional roads given that across Australia 66% of all road deaths occur in regional and remote areas, despite two thirds of Australians living in cities.

In addition to the suffering experienced by victims and their loved ones, the financial cost of road fatalities and injuries is approximately \$1 billion each year.

Recommendation – that the 20 -Year State Infrastructure Strategy acknowledges the need to lift the State Government's road resurfacing and re-sheeting targets, and increase investment in repairing and maintaining State Government road infrastructure.

Recommendation – that the State Government, via the 20 -Year State Infrastructure Strategy, strongly advocates to the Federal Government to secure long-term supplementary road funding for South Australia at \$20 million per year.

Question: How would Adelaide's infrastructure need to change if its population hit two million?

While the Discussion Paper recognises that increases in population will positively impact growth and employment, thereby increasing the demand for infrastructure, Adelaide's population is not forecast to reach 2 million until well beyond 2060¹.

This suggests that the advantages of South Australia's liveability (in both Adelaide and across regional South Australia) will not be utilised unless governments take proactive actions to drive population growth and prioritise putting the appropriate infrastructure in place to avoid foreseeable issues such as traffic congestion, housing stress and homelessness experienced in Australia's larger capital cities.

South Australia's economic underperformance, as compared to other states and territories, is in part linked to its demographic trends in terms of persistently slower population growth and an older population. These issues reinforce one another, as a lack of education and job opportunities encourages young people to leave and also discourages people from moving to South Australia. These issues are experienced more so in regional areas, which also experience challenges such as lack of medical services, poorer digital infrastructure (broadband connectivity and mobile services) and loss of public transport networks.

The LGA and our member councils are also ready to work with the State Government to advocate for Australian Government policy changes that allow for tailored migration policies to support population growth and economic activity where it is needed most. The Commonwealth Government has a role in supporting state and local government migrant settlement services, and undertaking national strategic population planning to support population plans and invest appropriately in infrastructure required by growing communities.

Recommendation – that the 20-Year State Infrastructure Strategy highlights the urgent need for the State Government to prepare a South Australian Strategic Population Plan, which includes support for South Australian councils to maintain and grow their population by providing adequate infrastructure, effective public services (including education, digital technology, medical services).

¹ https://www.infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf - page 32

Growing dominance of data and technologies

Question: How can South Australia best prepare its infrastructure to be able to adapt to and embrace future technological disruptions?

State and local government need to work together to ensure that South Australia's infrastructure is future proof, in an environment where the use of data and technology is growing quickly.

For example, electric vehicles and by extension 'autonomous technologies' that may be more readily used in electric vehicles are poised to have a significant impact on markets, road safety regulations, and the community. Councils, because of their roles and responsibilities as road authorities, infrastructure providers, fleet managers and representatives of their local communities, should be involved in discussions about the benefits and impacts of these new transport technologies.

Local government's perspective can help to ensure that the State Government's future policies best prepare infrastructure to be able to adapt to and embrace future technological disruptions. Through a collaborative strategy, we can:

- seize the opportunities presented by technology development;
- mitigate against potential risks by planning and investing wisely;
- avoid short-sighted investments that may inhibit the ability of communities to achieve a smart future;
- support fostering community acceptance and mitigating public concerns (for example towards the introduction of autonomous vehicles); and
- implement appropriate infrastructure, without the burden of funding retro-fit solutions

Recommendation – that the 20-Year State Infrastructure Strategy highlights the opportunity for state and local government to work together to best prepare infrastructure to be able to adapt to and embrace future technological disruptions.

Question: How can technology and data be embraced to improve quality of life?

Digital connectivity (mobile phone and broadband)

Access to reliable mobile phone and internet connectivity are extremely important to individuals and communities in terms of every-day liveability and emergency services, and also for business operability, viability and sustainability.

The LGA acknowledges the State Government's investment in the 2019-20 Budget of a further \$3 million towards mobile phone black spots. This investment has the potential to unlock local, federal and private funding in a bid to secure as many mobile towers as possible for South Australia under the Commonwealth's Mobile Black Spot Program.

The State Government should play a leadership role and has a unique opportunity to make South Australia the most "connected" state in Australia. Through high upload and download bandwidth linking cities, towns, businesses, individuals and regions to the world, regional South Australia can become the virtual second largest city in the state, not defined by geography, but by connectivity.

Smart Cities

Increased digital connectivity and the growing dominance of data and technologies present significant benefits and opportunities for state and local government infrastructure and service delivery.

South Australian councils, particularly in metropolitan Adelaide, have been early and willing adopters of 'smart cities', simply defined as using technology and data to do things better.

With support from the LGA, local government in South Australia has developed the networks and frameworks to work strategically to use technology and information to improve the quality and efficiency of council infrastructure and services, and to start to connect the buildings, roads, transport and utilities in our cities for a future that is smart, efficient and improves the lives of citizens.

Councils are using *smart cities* technologies to collect, communicate and analyse information. The analysis part can create a picture of what is happening now, and what is likely to happen. From an infrastructure perspective, in practice this can mean:

- car parking and traffic technologies that identify vacant parking spaces and road congestion points
- Apps that allow members of the public to report potholes and footpath damage, and view in real time the priority and schedule for repair
- open spaces and playgrounds that respond to their users
- rubbish bins that know when they need to be emptied, keeping public spaces clean and tidy, and streamlining collection services
- interactive maps and audio guides for visitors – supporting the tourism economy
- smart community hubs that connect people physically and virtually with each other, with council services, and with the digital landscape.

Current projects being undertaken by South Australian councils range from economic insights 'data' portal and building smart precincts, to smart parking and autonomous (driverless) bus services.

Smart Cities concepts can be regionalised to become Smart Communities principles and using a hub and spoke model, innovation precincts such as Lot 14 in Adelaide can be a driver and an enabler for greater innovation and entrepreneurialism as ideas can be exchanged globally with regional thinkers having access to mentors, programs and peers.

Recommendation – that the 20-Year State Infrastructure Strategy reflects local government's leadership in using technology and data to do things better, and recommends that the State Government adopt smart cities frameworks to unlock the potential for integrated state and local government infrastructure initiatives.

Our people

How should infrastructure be planned in increasingly urban environments with ageing populations?

The Discussion Paper acknowledges that the nature of infrastructure can profoundly influence where people choose to work and live. It highlights the implications of an ageing population requiring particular infrastructure to ensure access to health services, suitable accommodation and appropriate models of transport. As the level of government closest to the community, South Australian councils can offer perspectives that highlight these challenges and begin to provide solutions in partnership with the State Government.

Appropriate infrastructure planning in urban environments

The LGA supports the position outlined in the Discussion Paper that acknowledges the *larger urban centres with greater densities will require a shift toward holistic long-term systems-based planning with a deep understanding of the dependencies between infrastructure sectors (page 13)*.

Local government recognises that building sustainable densities is key to healthy and vibrant communities, and considers that cumulative impacts of infill development should be reviewed and monitored.

It is recognised that having higher levels of natural plant life (trees and shrubs located in street verges, parks and on private properties) in local communities has many economic, social and environmental benefits, particularly in urban communities.

Recommendation – that the 20-Year State Infrastructure Strategy provides an opportunity for local government to work with State Government to explore and implement strategies that maintain liveability and increase levels of urban greenery to maximise the benefits of green cover.

Regional access to health services

Australia is experiencing an ongoing workforce shortage across a number of health professions, which is more pronounced in regional and remote communities.

While already significant, the shortage of General Practitioners, nurses and allied health professionals in regional Australia is likely to worsen as an ageing workforce begins to retire. This is ultimately having a detrimental impact on the physical and mental wellbeing of residents, and the long-term sustainability of regional communities.

Some regional areas have very limited access to even basic primary care services, which results in the disruption to employment, education and family life when regular travel or extended stays away from home are required. Similarly, the negative impact on economic growth and regional development resulting from the lack of essential medical services cannot be overstated.

Local government recognises that federal and state governments have a responsibility to provide quality health care. However, the ongoing lack of medical services in regional areas means that some councils have little choice but to take urgent action by providing the front line medical services at the cost to ratepayers. This can detract from councils' efforts to provide and maximise the benefits of community preventative health activities.

The LGA acknowledges the State Government's commitment of \$20 million over 4 years for the development of a Rural Health Workforce Strategy. However, much more needs to be done through a long-term partnership that engages all three spheres of government in a strong collaborative partnership to achieve an integrated strategic plan.

Recommendation - that the 20-Year State Infrastructure Strategy recommends that federal, state and local governments should work collaboratively to develop a coordinated strategy to ensure the adequate for the provision of improved health services in regional and rural Australia.

Our Place

A great place to live into the future

Green infrastructure

The LGA agrees with the implication highlighted in the Discussion Paper that *consideration also needs to be given to ensure green infrastructure (open space, parks, walking trails, playgrounds, bike paths) are appropriately accommodated to support liveability objectives as the population and cities grow* (page 15).

In addition to managing over 75,000 kms of local roads and other physical assets, South Australian councils maintain footpaths, bike paths, walking trails, open space, parks and gardens, playgrounds, dog parks, drinking fountains, trees and other green spaces. In 2017-18, 21% of overall local government spending was on environmental infrastructure and services, including waste management, stormwater management, street lighting and coastal protection and adaptation.

Analysis of Local Government Grants Commission (LGGC) expenditure figures for the 10 years to 2015/16 (see **Appendix A**), shows that councils have increased their spending on the things which make local communities safe, comfortable and functional. This is the 'green infrastructure' that improves the liveability of South Australia, for residents and visitors alike.

Over the next 20 years, these levels of investments and corresponding pressure on council budgets and rates are likely to continue increase as councils properly account for and appropriately maintain these important existing assets.

Recommendation – that the 20-Year State Infrastructure Strategy provides an opportunity for State Government to support local government to develop and maintain exiting green infrastructure via accessible and flexible grant funding.

An endlessly compelling destination for visitors

The Discussion Paper correctly highlights that *adequate and well-maintained infrastructure is critical for the sustainable growth of regions and a safe and enjoyable visitor experience* (page 16).

Tourism is the second biggest industry in South Australia worth almost \$7 billion a year for the state. Councils spend \$22m a year on visitor information centres alone and the industry employs 33,000 people. The visitor economy is the focus of the SATC in 2019 and much of the destination and product marketing will require significant private and public spending on infrastructure.

Through a collaborative approach with the SA Tourism Commission, South Australian councils have identified shared priorities for regional tourism infrastructure. These initiatives are highlighted in the South Australian Regional Visitor Strategy² and require a shared investment from federal, state and local government and in some cases the private sector.

Recommendation – that the 20-Year State Infrastructure Strategy considers Regional Tourism Infrastructure priorities outlined in the SA Regional Visitor Strategy.

² <https://tourism.sa.gov.au/documents/CORP/documentMedia.ashx?A={23DBAD18-D321-46F8-88E8-9349E2E429A5}&B=True>

Building resilience to climate change

Question: How can infrastructure provide resilience against, bushfires, drought, flooding, sea level rises and the like?

Funding resilient infrastructure

The infrastructure and services that South Australian councils provide to their community are vulnerable to the risks of climate change. Councils are increasingly giving appropriate consideration to the risks from extreme weather in their operational, financial and asset management plans. From an infrastructure perspective, councils are facing issues such as:

- How will their stormwater drainage cope with more frequent flash flooding?
- How will increased temperatures or rainfall levels impact on road renewal and maintenance?
- Are the park, playground and sporting facilities adequately shaded, or are they exposed to higher temperatures and risk of fire?
- Are they planting street trees that will tolerate warmer temperatures?

The LGA refers Infrastructure SA to the Australian Government's *National Disaster Risk Reduction Framework*³, which recognises that the buildings and infrastructure needed to support growing communities will be increasingly exposed and vulnerable to natural hazards. It confirms that *reducing disaster risk is critical to supporting communities and economies to be resilient when a shock occurs*.

The LGA also notes modelling by Deloitte Economics that points to how upfront investment in disaster risk reduction, including infrastructure, will reduce future disaster costs⁴. This is further supported by the Productivity Commission's findings that governments spend too much on disaster response and recovery, relative to investment in mitigation⁵.

Recommendation - that the 20-Year State Infrastructure Strategy includes strategies to increase the resilience of critical infrastructure informed by a comprehensive understanding of natural hazards, exposure and resilience.

Stormwater management

Effective stormwater management is an essential part of managing natural hazards and being environmentally responsible. South Australian communities deserve quality stormwater infrastructure that is supported by all spheres of government.

The Stormwater Management Authority (SMA) was established in 2007 under the *Local Government (Stormwater Management) Amendment Act 2007*, and is responsible for the operation of a Stormwater Management Agreement between the State Government and the LGA.

The State Government provides around \$5 million per year to a Stormwater Management Fund, which is administered by the SMA and has been established to assist local government to meet the costs of stormwater management planning and stormwater infrastructure.

By comparison, councils across South Australia collectively spent around \$111 million on stormwater management activities in 2016-17.

³ <https://www.homeaffairs.gov.au/emergency/files/national-disaster-risk-reduction-framework.pdf>

⁴ <https://www2.deloitte.com/au/en/pages/economics/articles/building-australias-natural-disaster-resilience.html>

⁵ <https://www.pc.gov.au/inquiries/completed/disaster-funding#report>

While the funding provided by the State Government has supported important stormwater projects, the current level of State Government investment is too low to address the stormwater management priorities in South Australia.

The LGA has called on the State Government to increase annual funding for coastal and stormwater management from \$4 million to \$12 million.

Recommendation – that the 20-Year State Infrastructure Strategy acknowledges that increased investment by the State Government through the Stormwater Management Authority would support councils to help deliver priority stormwater projects, reduce pressure on council budgets, and help drive downward pressure on council rates.

Protecting South Australia's coastline

The task of protecting and maintaining South Australia's coastal assets is beyond the funding capacity of coastal councils.

Given South Australia's coastline is enjoyed by the broader community – as well as interstate and international visitors – funding coastal management must be a shared responsibility and the State Government should increase its contribution to relieve pressure on coastal property owners to fund the protection of our coastline.

The Coast Protection Board has estimated that around \$25 million of works are required to address current legacy issues associated with South Australia's coastal assets.

The major costs to councils associated with coastal management include infrastructure development and maintenance, sewerage and stormwater infrastructure development and maintenance, and land use planning and management. To undertake this work would require affected councils to significantly increase rates for local homeowners and businesses.

This is particularly an issue for small regional councils, which have a low ratepayer base and limited ability to generate the revenue required for major works. In the metropolitan area, the Metropolitan Coastal Councils Alliance estimates that the severe storms in September of 2016 cost metropolitan coastal councils \$5 million in remediation works. Even for larger councils, this was a significant cost pressure on their budgets, and there is still damage from these storms that has not been repaired.

While the State Government does provide some funding for coastal protection – both ongoing and ad hoc – the majority of the costs for coastal management are borne by councils and their ratepayers.

Recommendation – that the 20-Year State Infrastructure Strategy acknowledges that by increasing the overall quantum of grant funds would assist councils to undertake the backlog of works needed to protect coastal assets and develop more proactive coastal management strategies.

Our regions

Question: What strategies should the Government adopt to ensure the necessary infrastructure is in place so our regions can thrive?

Regional communities underpin South Australia's economy through primary production, mining and tourism and need higher levels of investment in infrastructure and public facilities to ensure they retain their attractiveness as places to invest, work and visit. Cooperative efforts by state and local governments on infrastructure and land use planning, as well as the attraction of private investment, will maximise economic growth potential.

This submission has already highlighted several strategies that they LGA believes the State Government should adopt to ensure regional South Australia has the right infrastructure in place to be productive, and liveable.

The key issues raised so far include safe roads, investment in first and last mile of freight networks, increasing access to primary health services, supporting tourism infrastructure, investing in a community led neighbourhood infrastructure renewal program, increasing digital connectivity, and developing a South Australian Strategic Population Plan.

From a macro perspective, regional South Australia is all about connectedness through decision-making, transport infrastructure and digital connectivity via broadband. The tyranny of distance and the lack of scale work hand in hand to delay decisions, stymie growth, add to costs whilst decreasing viability and service provision. It is these challenges in particular that all three spheres of government should work together to address.

Regional Growth Fund

The LGA appreciates that the Regional Growth Fund (\$150 million over 10 years) is intended to unlock new economic activity in regions, to deliver critical economic infrastructure to create direct benefit across regional industries, and to strengthen regional communities.

While councils are eligible for the competitive grant rounds and the strategic pool, only two council projects were supported by the Regional Growth Fund in 2018-19 (the amount of project funding is not readily available on the Department's website).

Through the Australian Local Government Association (ALGA), councils across Australia have identified almost 1,000 community infrastructure projects with a value of more than \$1.5 billion that are ready to commence when additional funding support becomes available. Many of these are in South Australia and may be subject to future applications to the Regional Growth Fund.

Recommendation – that the 20-Year State Infrastructure Strategy recommends that the State Government clearly articulate its strategic intention for the allocation of the Regional Growth Fund and supports councils to make the most of this opportunity.

Cross-sectoral considerations: a systems approach

Question: What factors should be considered when making inevitable trade-offs about investment in public infrastructure in the context of funding constraints?

The LGA appreciates that there are different ways for the State Government to prioritise its infrastructure investments. The State Government may like to consider how it can focus infrastructure investment in growth areas and those regions in economic transition, as well as ensuring that no particular community gets left behind.

Question: How can we best plan and accommodate the infrastructure needed to create vibrant and economically productive precincts?

As local place makers, councils play an important role in supporting economic growth, social wellbeing and sustainable environmental management. South Australian councils recognise the value of working together and have formed metropolitan partnerships and Regional LGAs that assist coordination across regions on local infrastructure and economic planning.

Question: How can South Australia better manage demand on current infrastructure?

Efficient use of existing public facilities will provide the opportunity for governments to defer expensive investment in new facilities and avoid the need for wasteful duplication of public assets to serve similar purposes.

There are opportunities to extract more value from under-utilised state and local government public assets and for governments to make savings on both capital and operating costs through state-local partnerships to integrate planning, delivery and operation of community facilities.

Community access to public school sport and recreation facilities

State policy is required to facilitate greater use of school facilities through building relationships between the schools involved and the local community which could benefit.

There are many underutilised school playing facilities around the State which have been funded or part-funded by State Government. These valuable public assets could be used to benefit the wider community, while also benefiting the schools involved through funding opportunities, building community relationships and providing a security presence to schools out of hours.

The KPMG Report: *The Value of Community Sport Infrastructure*⁶ provides a national perspective on the economic, health and social value of general community sports infrastructure. This Report assesses economic value at \$6.3B, health value at \$4.9B and social value at \$5.1B. The LGA understands there is still significant untapped demand for community sport and recreation facilities. The proposal to share existing public school assets, and incorporate sharing of facilities into new school assets, would contribute even further to the immense value identified in the KPMG Report.

Libraries as a public asset

Libraries are the most heavily visited public buildings in Australia. Libraries, and many other council buildings and community facilities, are used to deliver a range of community development and support programs which contribute to state and national health and wellbeing objectives.

⁶ https://www.sportaus.gov.au/_data/assets/pdf_file/0009/677970/KPMG_Value_of_Community_Sport_Infrastructure_final.pdf

The LGA and our member councils appreciate the State Government's funding contribution that supports the State's public library network, supplemented by a far more significant local government contribution. The State Government funding assists councils and school community libraries in their operations. This funding has enabled development of innovations such as the One Card Network, an innovation unique to South Australia.

The range of local, state and federal services offered through libraries has grown and today libraries operate as multi-service community hubs, delivering a number of programs. As demand for the range of services offered through libraries grows, a new funding agreement between state and local government is required to provide certainty for the ongoing development and operation of libraries.

Recommendation – that the 20-Year State Infrastructure Strategy acknowledges the role libraries in supporting federal, state and local government objectives, and acknowledges that local government seek an extension of the library funding agreement with the State Government is sought beyond 2021.

Optimise current assets through better asset management

Funding, financing and procurement alternatives

The Discussion Paper highlights that *considering alternate models for funding, financing and procuring infrastructure can provide optimal whole-of-life value-for-money outcomes for infrastructure investment.*

The LGA seeks to highlight the success of the State Local Government Infrastructure Partnership (SLGIP), in which the LGA entered into a deed with the State Government in June 2017 to allow councils to bring forward investment in approved infrastructure projects thereby creating jobs and increasing economic development across the state.

This innovative funding program has resulted in the distribution of state government grants of \$24.1 million, with councils agreeing to undertake projects totalling \$131.9 million. Thirty-two projects were approved under this program with 28 councils participating. Each council entered into a deed with the LGA with all projects commencing in early 2018.

To-date, the program has created a total of 72,650 working days, equating to the overall average employment of 160 FTE staff over the past 21 months.

Recommendation – that the 20-Year State Infrastructure Strategy notes the success of the State Local Government Infrastructure Partnership and recommends that the State Government works with the LGA to develop a second funding round to bring forward council investment in approved infrastructure projects.

Question: What opportunities are there to better leverage private investment to drive public infrastructure development?

The different responsibilities and priorities of state and local government can sometimes lead to fragmented investment and decision making. Strong partnerships, between federal, state and local government, to align planning and funding will provide certainty to private investors and unlock potential to lower the costs for all governments.

Akuo Energy's long-term lease to build, own and operate a 4.98MW renewable energy site in Renmark is a recent example of local government forward planning to better leverage private investment.

In December 2018, Akuo Energy (the multinational renewable energy producer) announced its commitment to invest \$12 million in the initial development. The State Government contributed assistance via the Department of Trade, Tourism and Investment to help Akuo Energy enter the local market and provided support to them, making it an easier decision for the company to invest in South Australia.

Local government, Renmark Paringa Council, facilitated access to council owned land. In 2016, the Council had developed a Masterplan for the estate which included developing a renewable energy site as well as undertaking environmental watering. The long-term lease will create a passive income for the community without the risk of entering the energy market and requires Akuo Energy to relocate an ageing flood bank, which will create further opportunities for Council in the future on this section of previously unusable land.

In conclusion – a request from the LGA

Through this submission the LGA has outlined the significant opportunity for the local government sector to work collaboratively with the State Government and to support Infrastructure SA.

While we appreciate that legislated positions to the Board of Infrastructure SA are now filled, we would like to request that an LGA Board Director be invited onto the Board of Infrastructure SA on an ex-officio basis.

Infrastructure planning and investment is significantly important to South Australian councils and this request echoes the readiness of local government to work in partnership with Infrastructure SA on the successful implementation of *20-year State Infrastructure Strategy*.

Appendix A

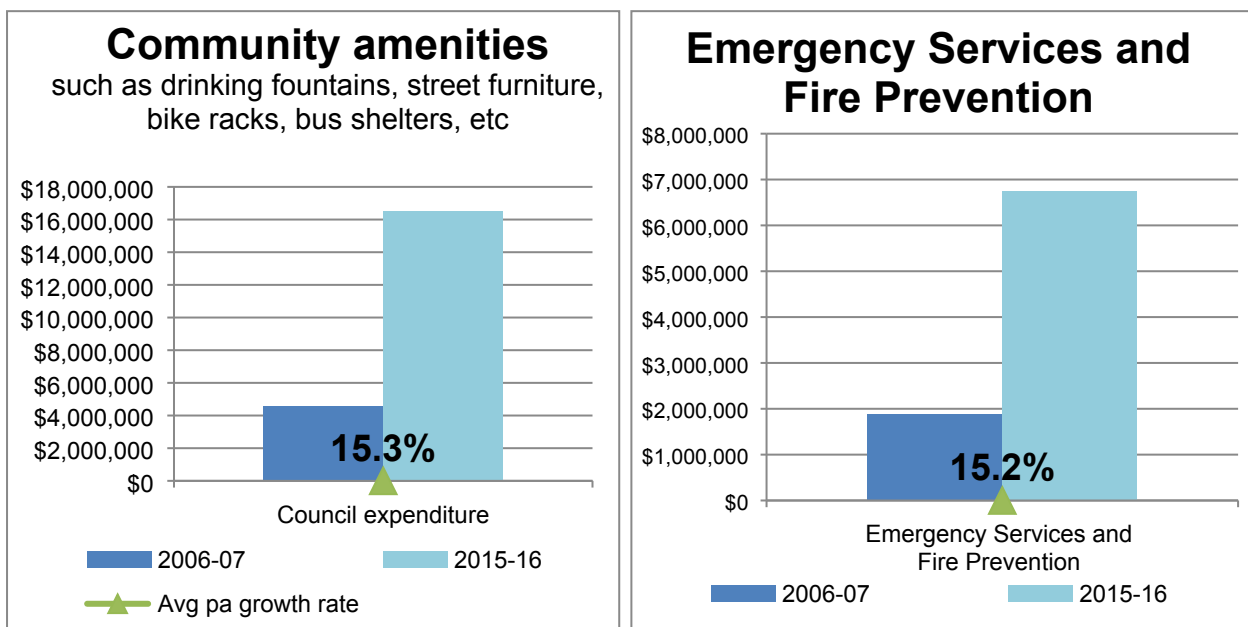
Where have Councils been spending in recent years?

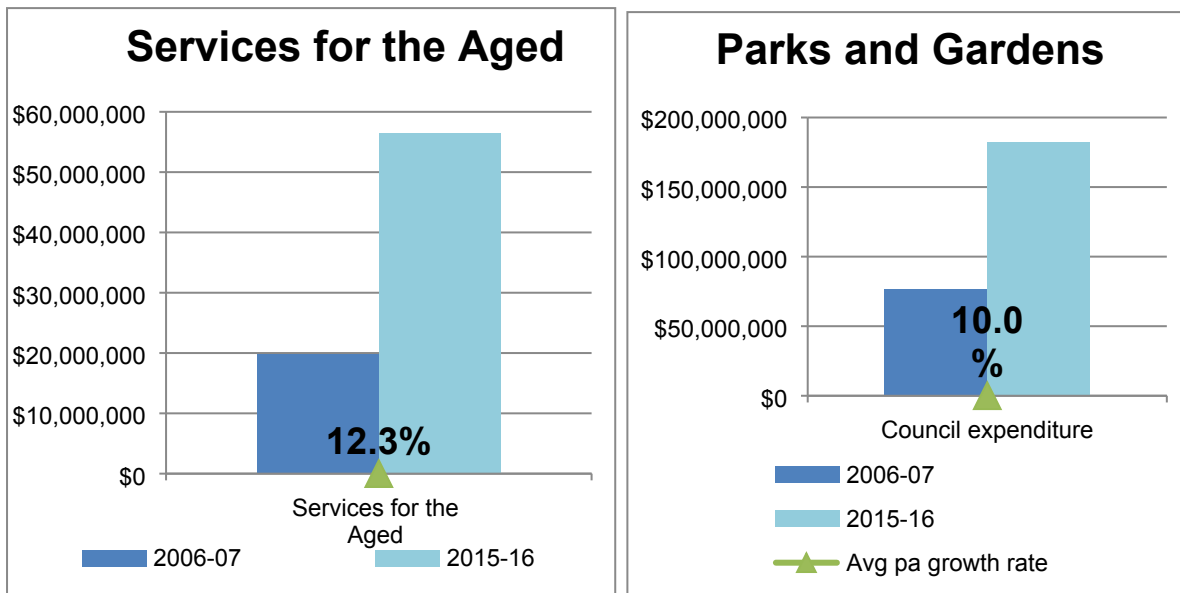
South Australian councils provide services, programs and facilities for the benefit and enjoyment of their communities. The types and level of services provided by each council are set in consultation with the local community each year and subject to ongoing review. All of these services and facilities rely on council rates, which are essential in enabling councils to deliver all of the services and facilities that communities rely upon.

Councils set their rates in response to various factors, not necessarily tied to CPI primarily because the price of goods and services is only one component of Council expenditure. Other factors accounting for council rate increases include:

- communities choosing more and better services;
- properly accounting for and maintaining important infrastructure;
- the impact of government cost shifting;
- limits on other revenue sources including user pays fees; and
- different issues in each council area such as repairing flood damaged roads or responding to other extreme events.

Analysis of Local Government Grants Commission (LGGC) expenditure figures for the 10 years to 2015/16, shows that councils have increased their spending on the things that make local communities safe, comfortable and functional such as drinking fountains, street furniture, bike racks and bus shelters, on emergency service and fire prevention programs, on Elderly Citizens Facilities, the Home Assistance Scheme, Services for the Aged & Disabled and on providing parks and gardens.





How do we know that this is where local communities want their money spent?

According to research undertaken by the Centre for Local Government at the University of Technology Sydney as part of their 'Why Local Government Matters' study when asked to think about the local area in which they lived:

- 36% of people surveyed believe the presence of recreational areas in their local area was extremely important, with a further 40% felt it to be very important
- 58% of respondents feel that having a safe environment is extremely important, with a further 34% felt it to be very important
- 27% of respondents feel the availability of good home care or aged care in their local area is extremely important, with a further 30% felt it to be very important
- 29% of people surveyed feel that the availability of appropriate public services in their local area was extremely important, with a further 40% felt it to be very important.

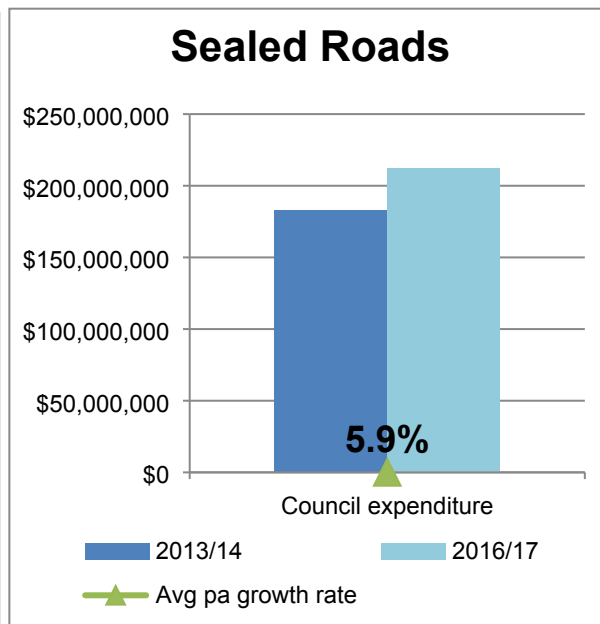
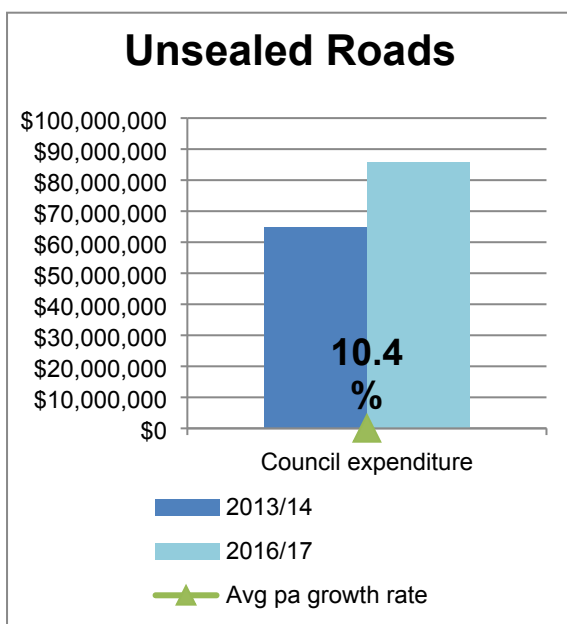
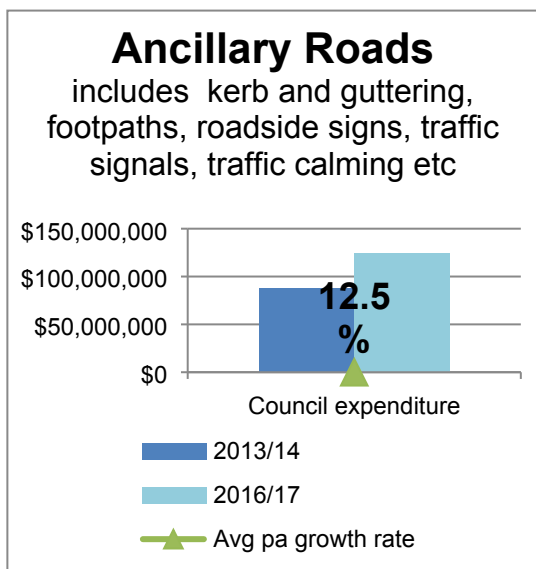
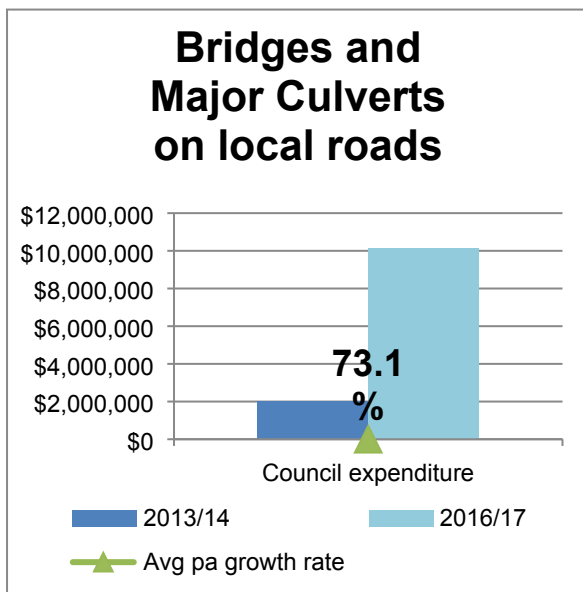
How satisfied are communities with the services they are getting from Local Government?

According to the same study:

- 57% of respondents are very satisfied with the existing recreational areas in their local area, with a further 30% are moderately satisfied
- 50% of respondents are very satisfied with the safety of their local area, with a further 35% are moderately satisfied
- 34% of respondents are very satisfied with the existing level of community support and cohesion in their local area, with a further 42% are moderately satisfied
- 78% of people surveyed either strongly or moderately agreed with the statement 'The area in which I live has the qualities I value'
- 77% of people surveyed either strongly or moderately agreed with the statement 'There is something about the landscape around me that makes me feel good'

The majority of respondents (80%) strongly agree that they want governments to deliver services that contribute to a healthier and fairer society and that is exactly where South Australian councils have been focussing their spending over recent years.

Over the four years to 2016/17, Councils have also increased their expenditure on bridges and getting water to flow away from roads, on kerb and guttering, footpaths, traffic signals and calming and on maintaining and renewing unsealed and sealed roads.



How do we know that this is where local communities want their money spent?

According to research undertaken by the Centre for Local Government at the University of Technology Sydney as part of their 'Why Local Government Matters' study when asked to think about the local area in which they lived:

- 33% of respondents feel the availability of good quality roads and bridges in their local area is extremely important, while a further 41% felt it to be very important.

How satisfied are communities with the services they are getting from Local Government?

According to the same study:

- 32% of respondents are very satisfied with the availability of good quality roads and bridges in their local area, and 39% are moderately satisfied.

Who do communities think should be making decisions about their local area?

According to the same study:

- 75% of people surveyed believed that Local Government was the level of government best able to make decisions about their local area.