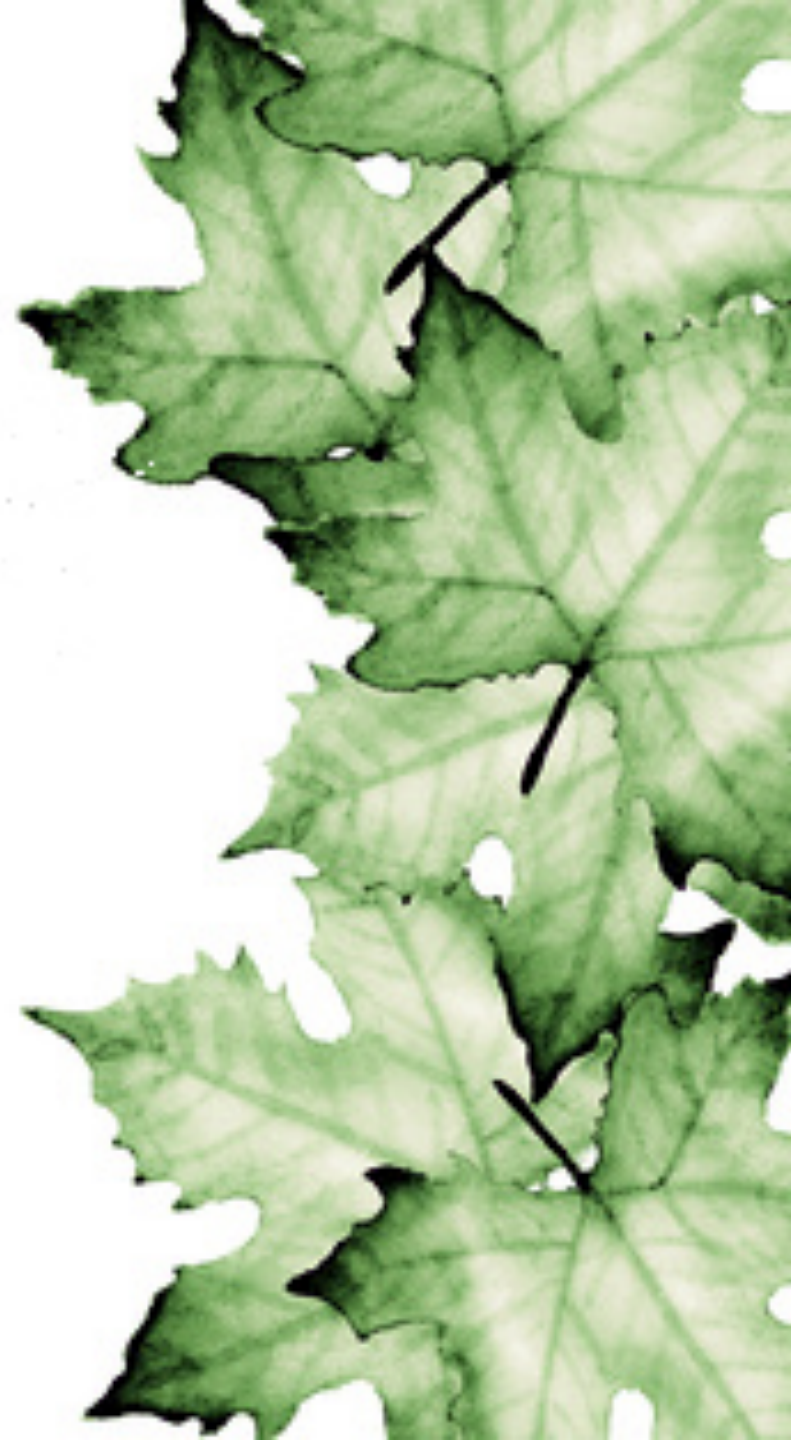


A Moral Hazard:
What happens
– and why –
when community
engagement fails?

Wendy Sarkissian
Vancouver



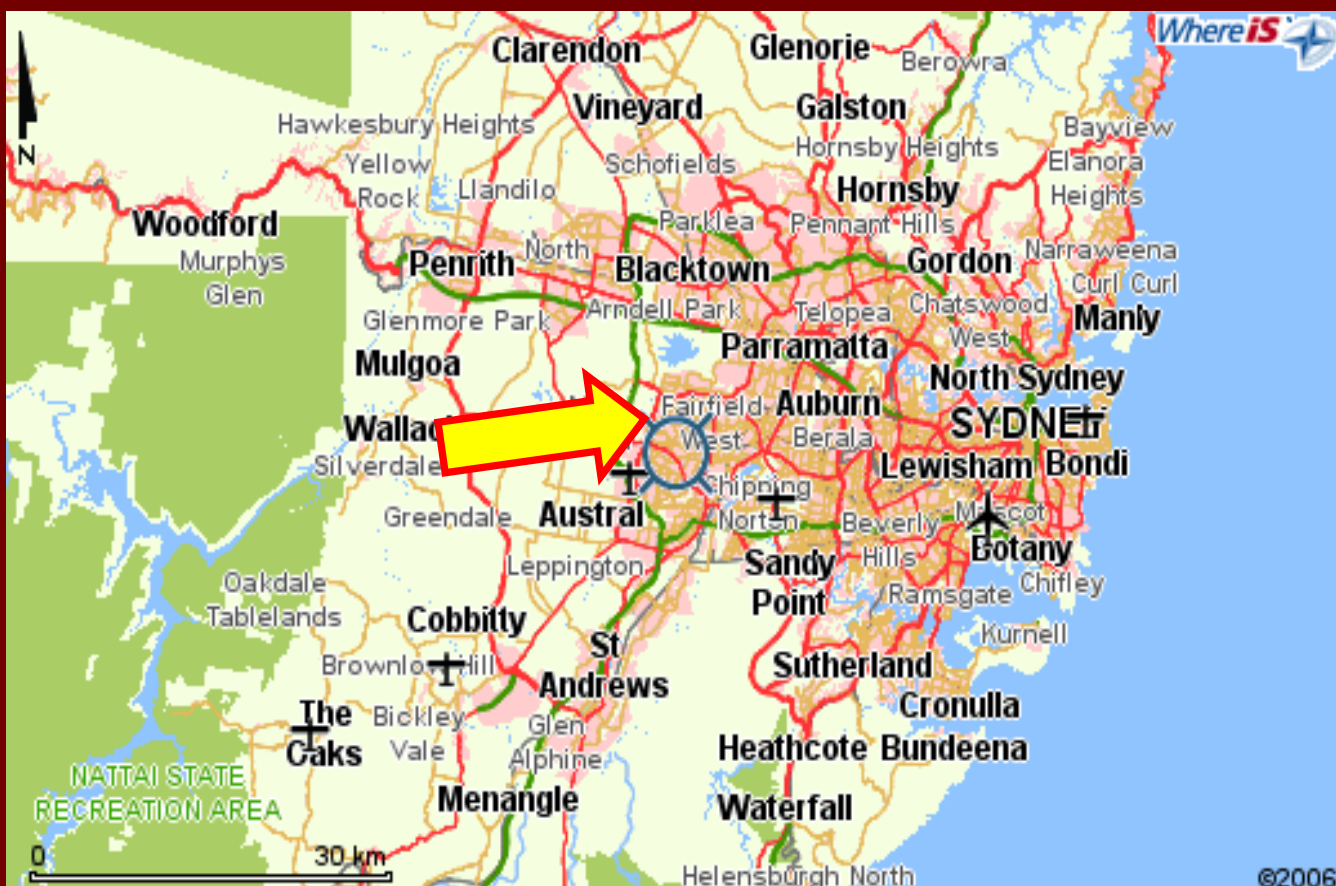
A Case Study
Community Engagement in
Community Renewal
in Bonnyrigg, Fairfield
Sydney
2004-2006

Principal-Agent Dilemma

- One person or entity (***Agent***)
- makes decisions that affect (or on behalf of) another (***Principal***)
- Sometimes *Agent* acts in own best interest
... rather than those of *Principal*
... or the other way around?

Dilemma: Moral hazard or conflict of interest

- Different interests & asymmetric information
Or asymmetric power relations?



BONNYRIGG

BONNYRIGG SHOPPING CENTRE

BONNYRIGG PRE SCHOOL

BONNYRIGG PUBLIC SCHOOL

TARLINGTON PDE

BONNYRIGG ESTATE

AVE

EDENSOR

RD

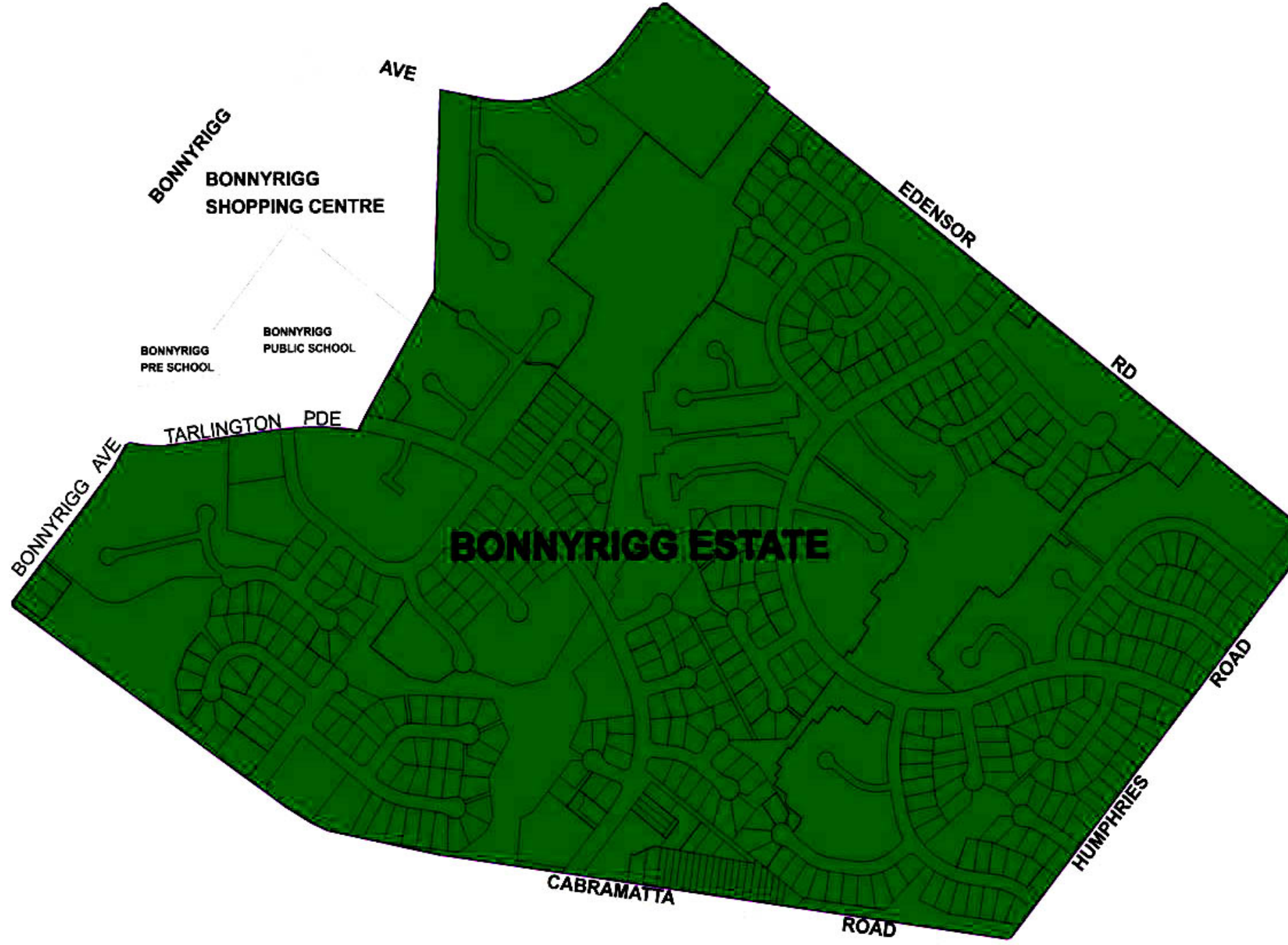
BONNYRIGG AVE

ROAD

CABRAMATTA

ROAD

HUMPHRIES





Bonnyrigg, 2004





Walkways

Radburn planning

Unsafe & unfurnished public open spaces



- Looks deteriorated
- Can't see onto the street or cul-e-sac from houses



The Bonnyrigg Community 2004

- Population 3,300
- 50% born overseas
- Southeast Asian community: 31% (22%)
- Aboriginal residents: 5% (0.6%)
- Arabic-speaking residents: 6% (8%)
- 35% under 18 years (27%)
- 43% don't speak English (well or at all) (32%)



Why Bonnyrigg?

Redevelopment vision 2004

- ❑ \$500 million
- ❑ Improve public domain, parks & pedestrian access
- ❑ Community safety
- ❑ Improve street pattern
- ❑ Community facilities
- ❑ Tenure mix:
 - ❑ 30% public
 - ❑ 70% private
- ❑ Upgrade some houses
- ❑ New houses: mix of apartments, townhouses, detached houses
- ❑ In stages - up to 10 years

One possible Scenario

	2004	Scenario
Total dwellings	927	2000
Public & social housing	828	600
Public & social housing %	89%	30%
Private dwellings	99	1400
Offsite dwelling acquisition		228

Role of private partner

- Masterplanning & consultation
- Design & construct roads, parks & community facilities
- Construct & upgrade public housing
- New housing for sale
- Maintain public housing
- Finance project

Community Engagement in Bonnyrigg

Phase 1

(2004-2005)



The Major Processes

1. Information sessions

The Major Processes

1. Information sessions
2. Small group sessions (BBQs, temples...)

The Major Processes

1. Information sessions
2. Small group sessions (BBQs, temples...)
3. Stakeholders workshop

The Major Processes

1. Information sessions
2. Small group sessions (BBQs, temples...)
3. Stakeholders workshop
4. SpeakOut

The Major Processes

1. Information sessions
2. Small group sessions (BBQs, temples...)
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4. SpeakOut
5. 2 Our Bonnyrigg Dream workshops

The Major Processes

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6. Week with a Camera (children)

The Major Processes

1. Information sessions
2. Small group sessions (BBQs, temples...)
3. Stakeholders workshop
4. SpeakOut
5. 2 Our Bonnyrigg Dream workshops
6. Week with a Camera (children)
7. Capacity-building sessions

Date	Description	Estimated Attendees	Tenant / Stakeholder Participants
13-Dec-04	Open House at Plaza Office	5	Mixed
14-Dec-04	General information session	50	Mixed
14-Dec-04	Stakeholders Session	20	Stakeholders
15-Dec-04	General information session	70	Mixed
21-Dec-04	General information session	150	Mixed
21-Dec-04	Peak Bodies Session	2	Stakeholders
21-Dec-04	Peak Bodies Session	10	Stakeholders
7-Feb-05	General information session	75	Mixed

Phase One: Information sessions

Date 2005	Description	Estimated Attendees	Tenant / Stakeholder Participants
24-Feb	Stakeholders Workshop	79	Mixed
2-Apr	SpeakOut	300	Mixed
10-May	Our Bonnyrigg Dream Workshop 1	124	Mixed
14-May	Our Bonnyrigg Dream Workshop 2	90	Mixed

Phase One: Large-scale consultation events

Date 2005	Description	Estimated Attendees	Tenant / Stakeholder Participants
11-Feb	Vietnamese stall	10	Community
12-Feb	Vietnamese stall	10	Community
12-Feb	Chinese Temple stall	10	Community
13-Feb	Vietnamese stall	10	Community
16-Feb	Lao language session	41	Tenants
17-Feb	Khmer language session	35	Tenants
23-Feb	Spanish language session	37	Community
3-Mar	CRG meeting	21	Mixed
6-Mar	Aboriginal session	15	Tenants
9-Mar	Street BBQ	80	Mixed
14-Mar	CRG meeting	20	Mixed
16-Mar	Arabic language session	26	Mixed
16-Mar	Street BBQ	35	Mixed
23-Mar	Private Owners Info Session	20	Owners
24-Mar	B'rigg Public School workshop	60	Children tenants
30-Mar	Vietnamese language session	24	Mixed
30-Mar	Street BBQ	85	Tenants
31-Mar	St Johns Park School workshop	112	Children tenants
4-Apr	CRG meeting	20	Mixed
6-Apr	Street BBQ	100	Mixed
9-Apr	Street BBQ	15	Tenant + Minister
13-Apr	Street BBQ	19	Mixed
18-Apr	CRG meeting	17	Mixed
27-Apr	Street BBQ	37	Mixed
28-Apr	Khmer language session	30	Tenants
4-May	Street BBQ	27	Mixed
5-May	Field visit: Browne St, Liverpool	8	Tenants
11-May	Street BBQ	27	Mixed
18-May	Street BBQ	32	Mixed
25-May	Street BBQ	45	Mixed
30-May	FCC Master Planning Principles	25	Stakeholders
1-Jun	Vietnamese language session	36	Mixed
6-Jun	Disability Forum	7	Mixed
11-Jun	Youth Consultation	100	Community – young people
27-Jun	Field visit: CityEdge, Canberra	53	Tenants

Phase One: Small-scale consultation events



Probity Investigations re: Private Partner for PPP

Stakeholders Workshop

February 2005





April 2005



Our Bonnyrigg Dream

Telling the Planners What Really Matters
2 Community Workshops



Active Processes



Active Processes

- getting to know each other



Active Processes

- getting to know each other
- reviewing work to date



Active Processes

- getting to know each other
- reviewing work to date
- brainstorming



Active Processes

- getting to know each other
- reviewing work to date
- brainstorming
- visioning



Active Processes

- getting to know each other
- reviewing work to date
- brainstorming
- visioning
- prioritising



Active Processes

- getting to know each other
- reviewing work to date
- brainstorming
- visioning
- prioritising
- learning about master planning



Active Processes

- getting to know each other
- reviewing work to date
- brainstorming
- visioning
- prioritising
- learning about master planning
- drafting master planning principles



Been here 25 years



Where does your **heart** live now?





Where my **heart** lives now



Day 2
Saturday
Our Bonnyrigg Dream Visioning

The most effective approach involves **Guided Imagery.**



This approach is called **Heartstorming**
(not **Brainstorming**)

A dramatic image of a lightning bolt striking down against a dark blue background. The lightning bolt is bright white and jagged, with many smaller, branching bolts radiating from it. The text "Opening to Heartstorming" is overlaid in white, cursive font at the bottom of the image.

Opening to Heartstorming

Khmer table participants sharing images.



Khmer
កម្ពុជា

Identifying the **qualities** in all the images.



Qualities of the Visions

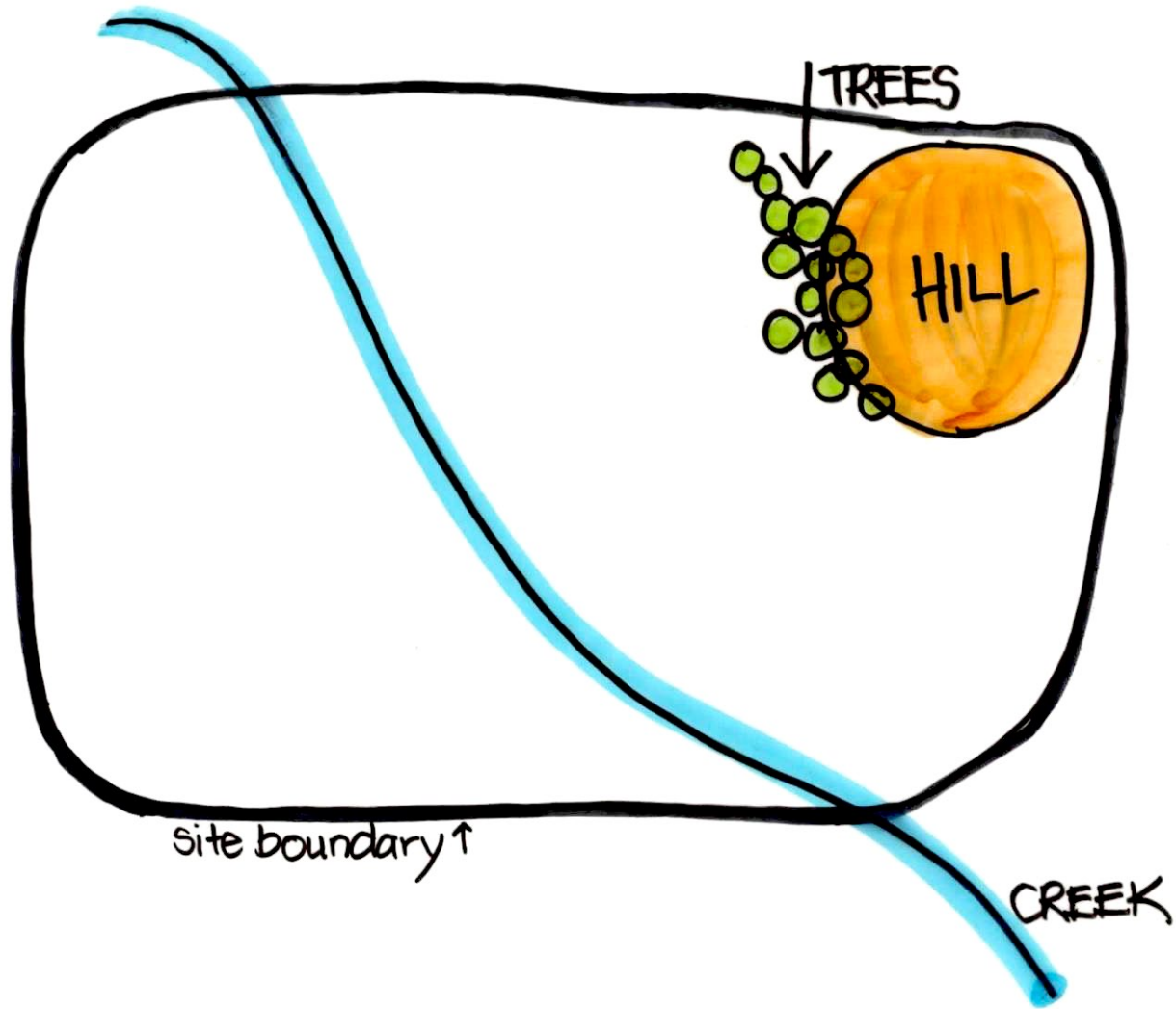


A "People Place"

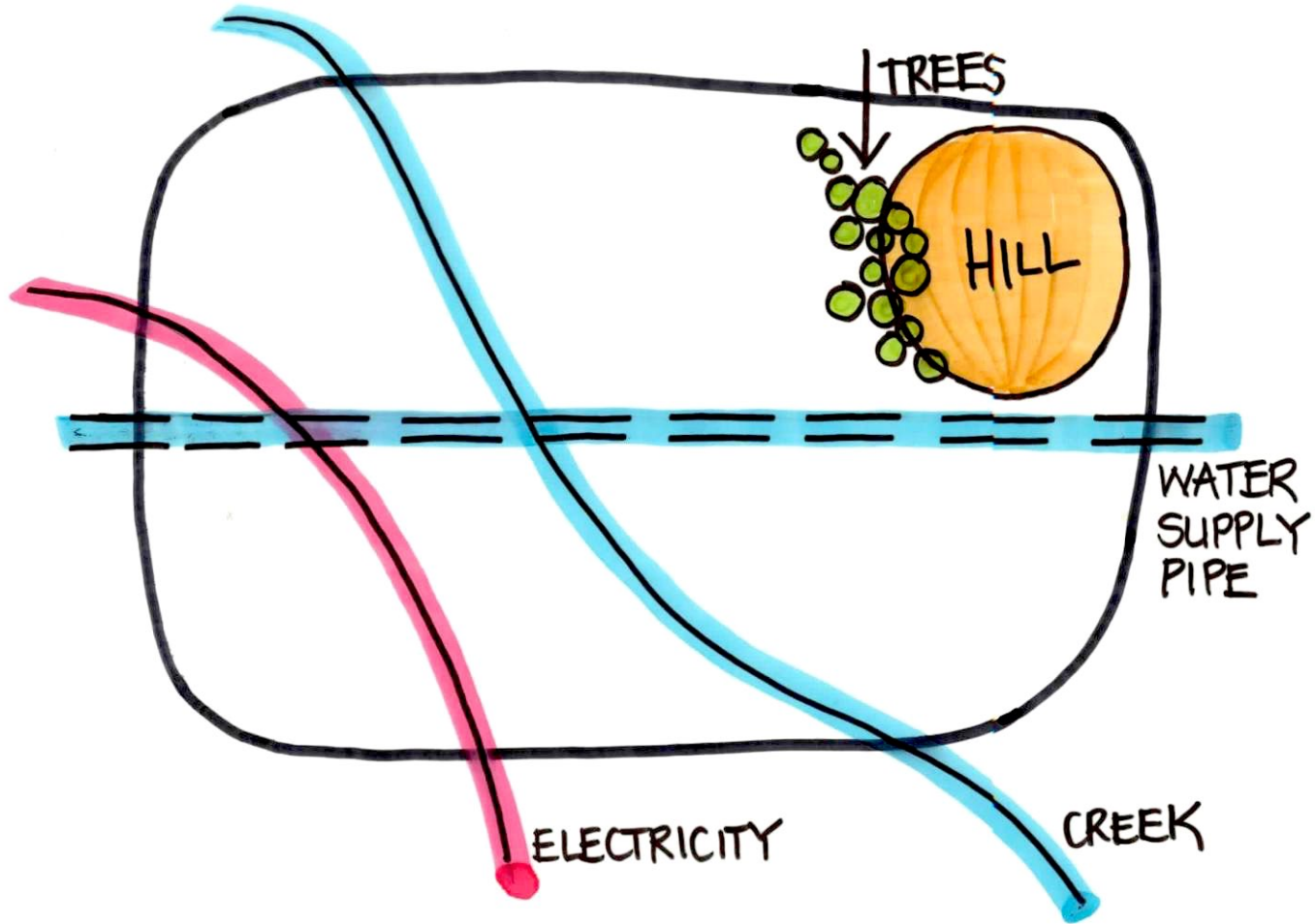


IMAGINE WE ARE
GOING
TO DEVELOP
A MASTER PLAN

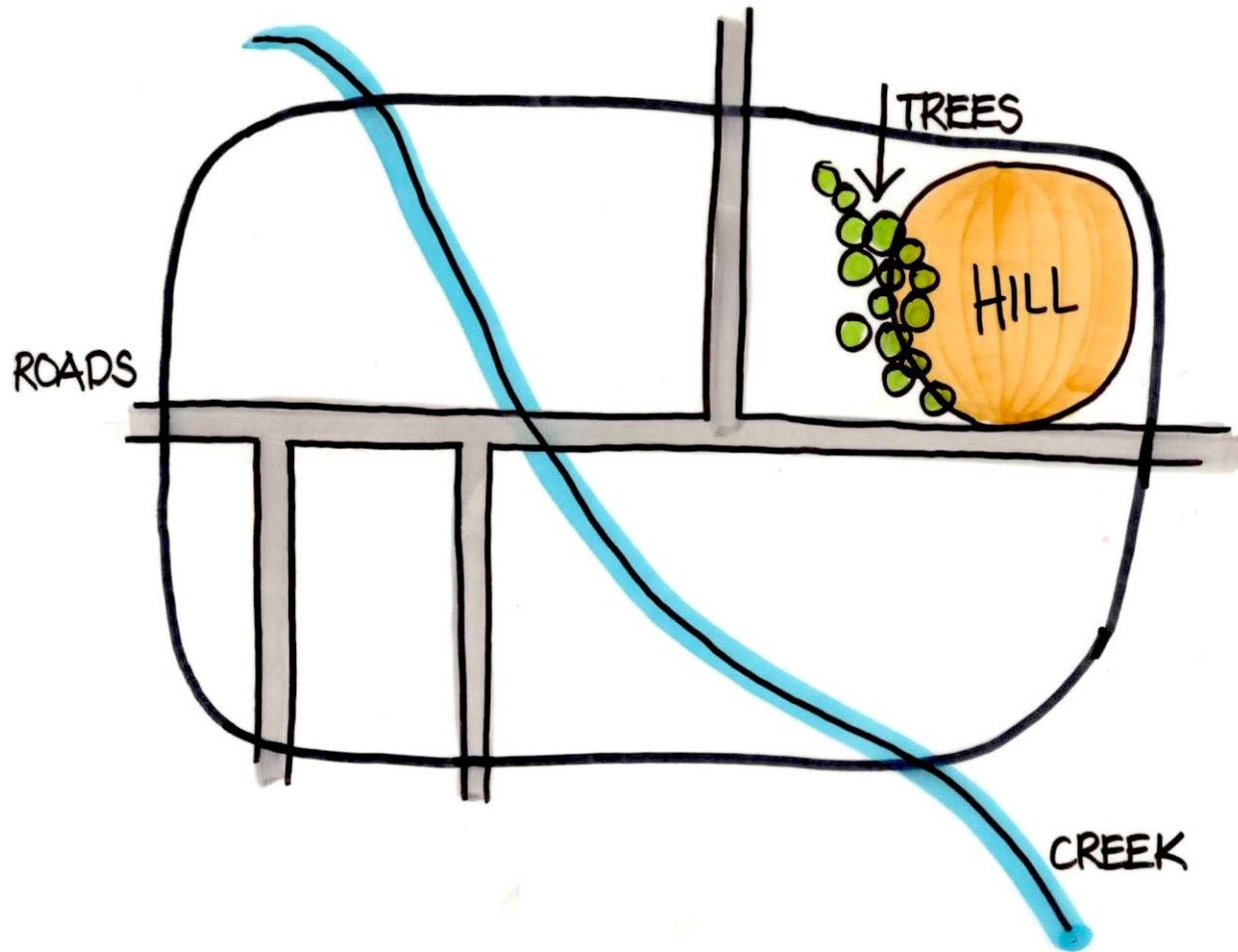
THE SITE



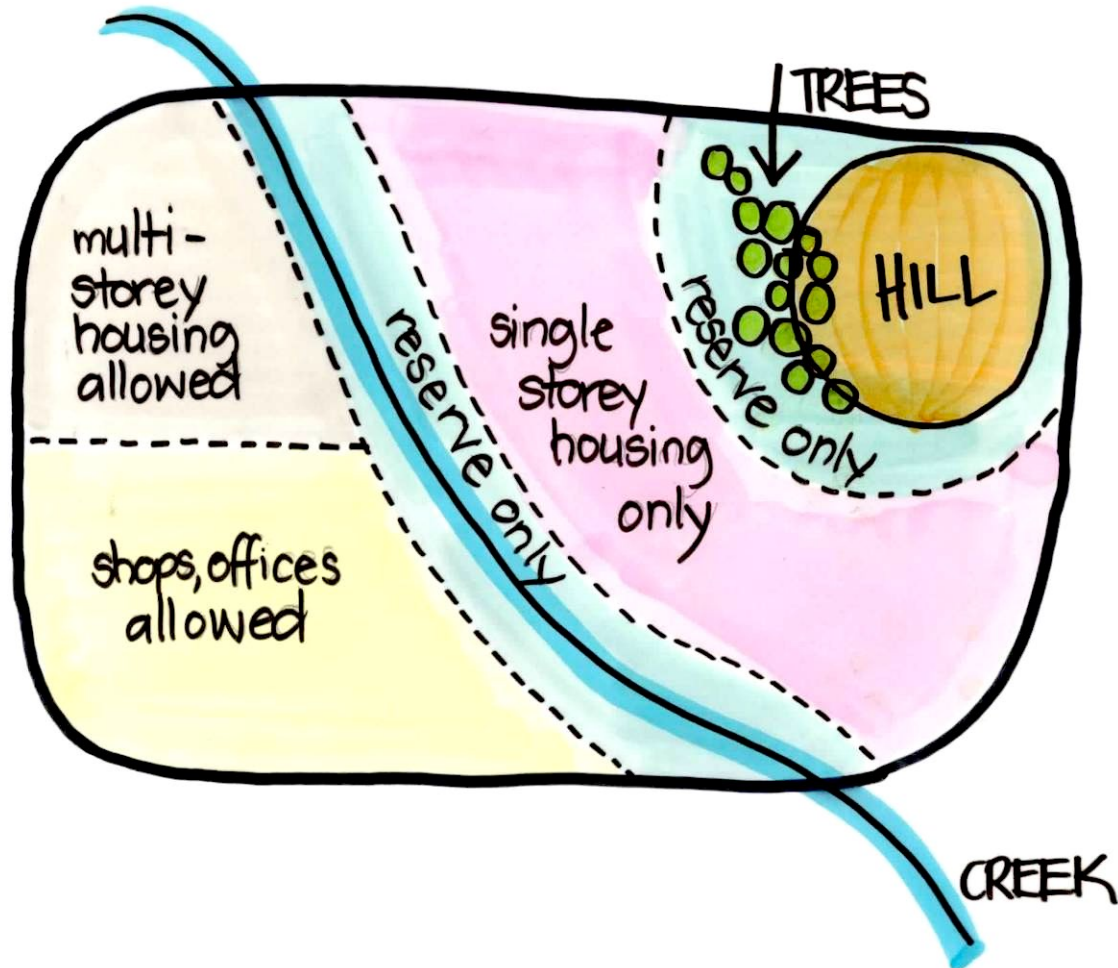
WATER & ELECTRICITY



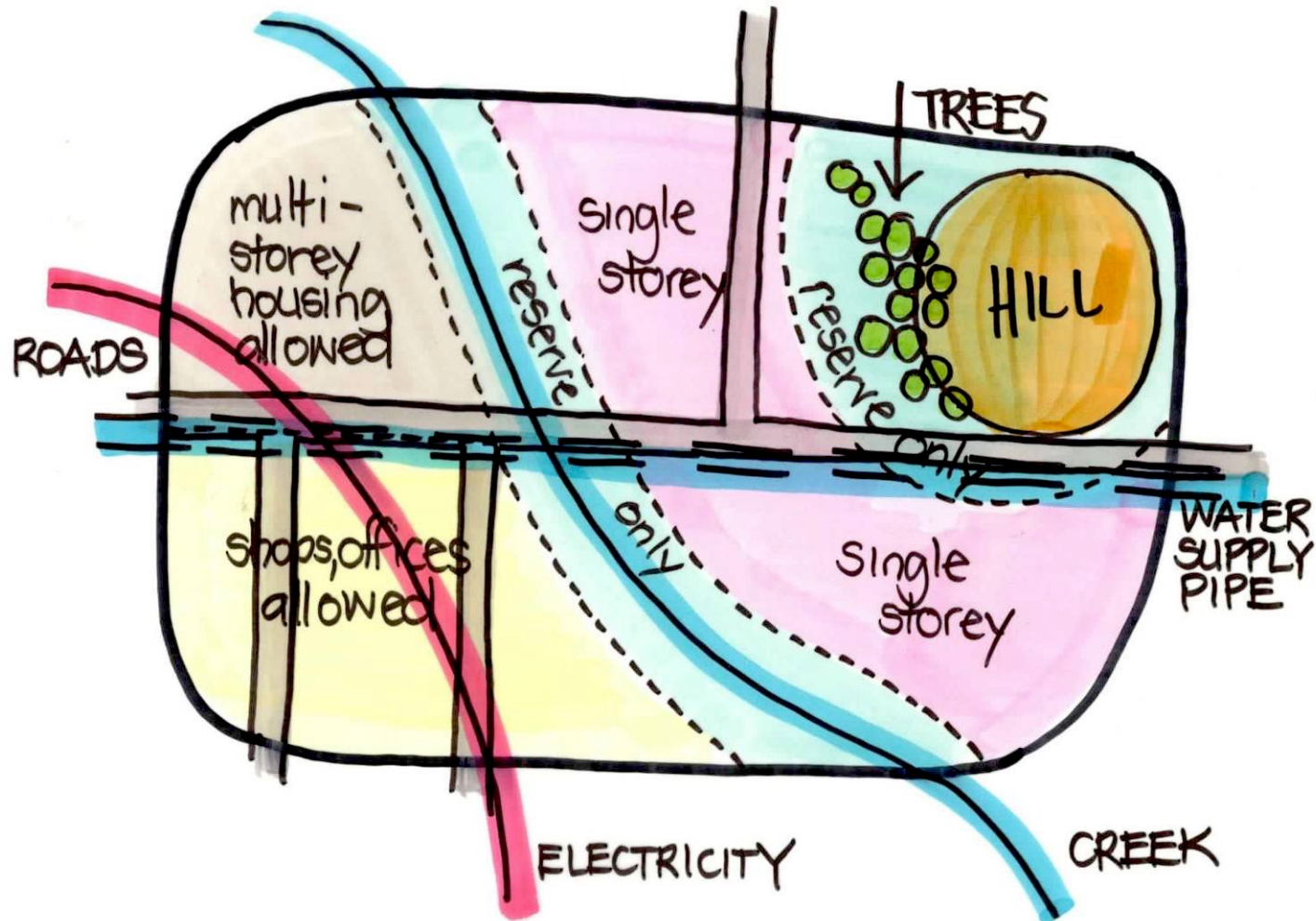
ROADS



COUNCIL REGULATIONS (ZONING)



OPPORTUNITIES & CONSTRAINTS (WHAT YOU CAN & CAN'T DO)



Building the Dream workshops

February, March, April 2006

Workshop 2*: House Design

Workshop: Tuesday 21 February 2006

Bus Trip: Monday 27 February 2006

Workshop 3: Precinct Design

Workshop: Tuesday 7 March 2006

Bus Trip: Wednesday 8 March 2006

Workshop 4: Design to Prevent Crime

Workshop: Tuesday 21 March 2006

Bus Trip: Tuesday 28 March 2006

Workshop 5: Housing Density

Workshop: Tuesday 4 April 2006

Bus Trip: Tuesday 11 April 2006



Governance

A few years later...

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"This is a project of Bonnyrigg Partnerships"



PO Box 151
Bonnyrigg LPO
NSW 2177

Office: 1300 137 265
info@bonnyriggpartnerships.com.au

Fax 9616 9100



*Newleaf Bonnyrigg...
a great place to live!*

*Located just 35km west of Sydney's CBD in
the Fairfield Local Government Area*







BONNYRIGG RD

BONNYRIGG



JASPER ST

PREVIOUSLY KNOWN
AS KEMP PL

118222
S

Newleaf wins UDIA NSW's award
for Excellence for Urban Renewal
AUGUST 2011



MARKETING VIDEO: <http://www.brrmedia.com/event/64676/becton-property>

Becton bites the dust

Posted by Houses and Holes in Australian Property

on February 26, 2013 | 34 comments



Another major developer eats dirt today with Becton Group defaulting on loans to Goldman Sachs. The [AFR](#) reports:

Becton Property Group's corporate entities have been put into receivership by the beleaguered company's lending consortium, led by Goldman Sachs.

State looking to scrap \$775m housing project

THE AUSTRALIAN | APRIL 26, 2014 12:00 AM



SAVE

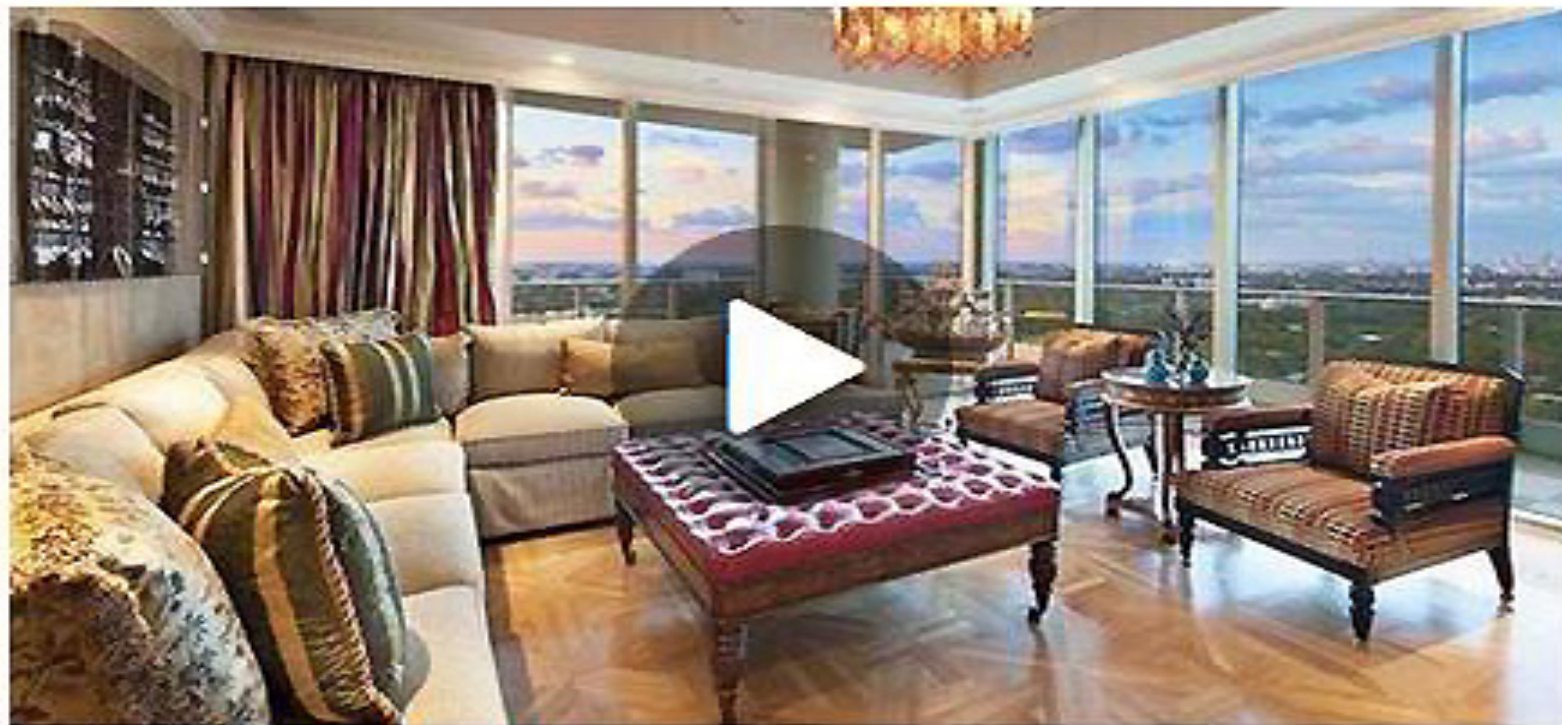


Sarah Danckert

Property Reporter
Melbourne



Follow @sdanok



Properties of the Weekend with Prue Miller

THE NSW government is considering tearing up the contract for a \$775 million western Sydney social housing public-private partnership, with the project in

NSW forced to take back \$775m housing project

EXCLUSIVE

SARAH DANCKERT
DEVELOPMENT

THE NSW government has abandoned the contract for its flagship, \$775 million social housing public private partnership project at Bonnyrigg in Sydney's west two years after the developer behind the project went bust.

The decision to wind down the development and set up a new contract was made 10 days before the government entered caretaker mode ahead of next week-end's election.

In an extraordinary change of course by the government, the state will now take on the project itself through state developer UrbanGrowth NSW after failing to find a new private sector property group to partner with.

The Bonnyrigg project was expected to become a showcase combination of public and private housing, delivering 2330 new homes over 14 years from 2007. It aimed to replace 933 dwellings, consisting of 699 public dwellings of which many were in a state of disrepair, with a 70-30 mix of private dwellings and homes for public housing tenants over 15 stages.

The project is also likely to be dramatically downsized, according to well-placed sources.

Due to the collapse of Becton, only 363 dwellings have been built, including 152 public housing dwellings. Becton, previously a listed company, had been in financial stress since at least 2010.

According to NSW Auditor-General Grant Hehir, the project was paralysed by the collapse of Becton in February 2013 and since then no work has been done.

The change to the contract arrangements will be a relief to the hundreds of would-be homeowners who bought into the fourth stage of the development just ahead of Becton's collapse and are yet to have their homes built.

According to a spokesman for the Department of Family and Community Services, purchasers in stage four will be contacted by UrbanGrowth "to discuss their options regarding the construction of their homes".

Project partner Westpac, along with its subsidiary Hastings Funds Management, declined to comment as to whether it received any compensation to close out their existing contract with the government after spending two years working with the gov-

ernment to find a way forward. Service provider Spotless also declined to comment.

A spokesman for the Minister for Families and Communities Gabrielle Upton declined to reveal whether any compensation had been paid to close out the contract. "The arrangements to get this redevelopment back on track are commercial in confidence," the spokesman said.

State opposition spokeswoman for housing Sophie Cotsis said it took the Liberal government two years to address the issues at Bonnyrigg.

"They have been missing in action for two years, and they have only stepped in on the eve of an election," Ms Cotsis said.

"If Labor is elected, we will examine a range of housing matters, including the development at Bonnyrigg, to provide transparency for the public and determine the best path forward."

Ms Upton's spokesman said it would be "naive" to think the change to the contract "happened overnight".

"The Labor Party and Sophie Cotsis would be oblivious to the hard work that has been done over some time by government and the parties involved to achieve this outcome," he said.





Newleaf

BY BECTON

newleaf.com

~~Plan A~~

Plan B



3

JOIN THE
COMMUNITY
REFERENCE GROUP!

ASK HERE!

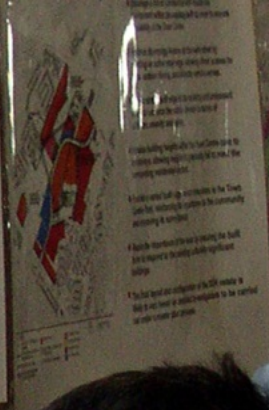
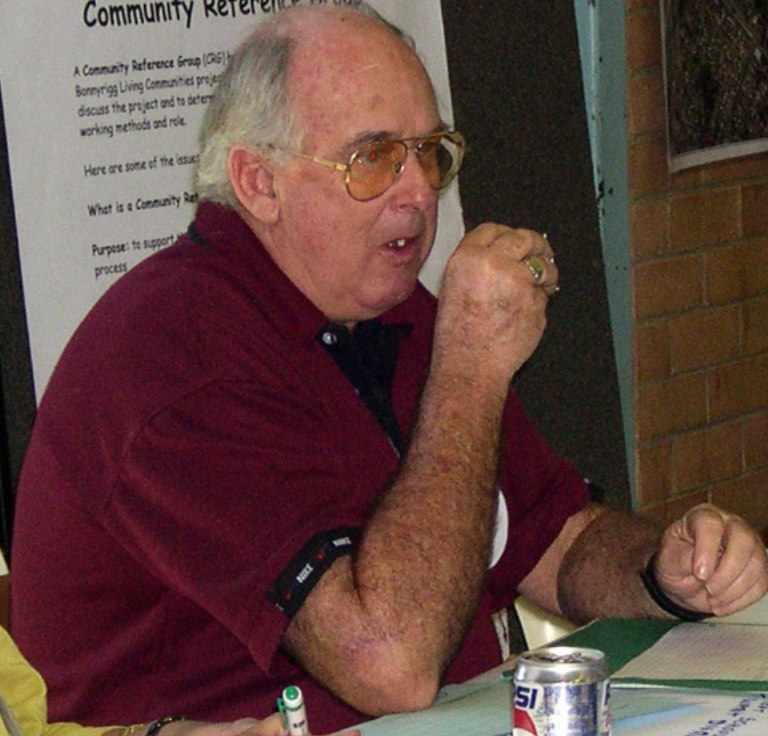
Community Reference Group

A Community Reference Group (CRG) is a group of people who meet regularly to discuss the project and to determine working methods and role.

Here are some of the issues:

What is a Community Reference Group?

Purpose: to support the project process



Engaging the Community in Decision Making

Case Studies Tracking
Participation, Voice and Influence

Roz Diane Lasker
and John A. Guidry



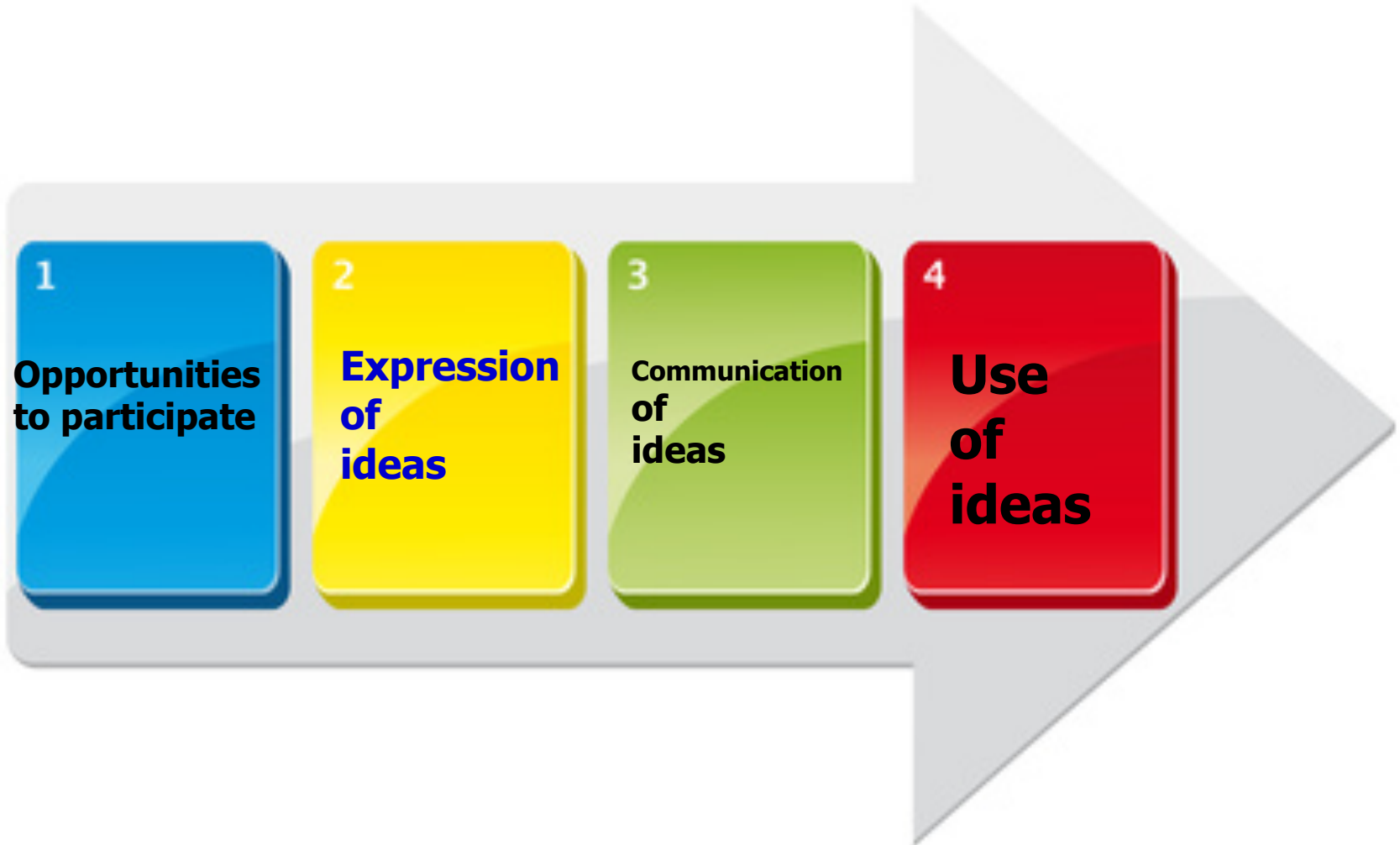


INFLUENCE

IS

POWER

4 Steps





Big Barrier:

Gatekeepers' Frames of Reference



Experts Need to Change



COVER STORY

Re-housing fear eats away at cancer victim

By Laura Speranza

WHEN Liz Coupe was diagnosed with terminal cancer in 2003 she knew where she wanted to spend her final years.

It was in the public housing estate she and her partner Brian Waights had spent the past 25 years: the home they had raised their eight children in and proudly paid off with their superannuation payout in 2002.

Three years on, Ms Coupe, 53, and Mr Waights, 63, said their lives have been thrown "up in the air" since plans for an extensive revamp of the Bonnyrigg Housing Estate were announced in 2004.

The pair said the redevelopment, expected to cost \$500 million, will see many residents relocated over the next 10 years as sections of the estate are rebuilt.

As private home owners, Mrs Coupe and Mr Waights will not be forced from their home.

They have considered selling their home to the developers but until that time arrives the pair worry constantly about the price they will be offered.

"We'd never be able to re-buy a more expensive home because we couldn't afford to service a home loan," Mr Waights said.

"A lot of people in this housing estate are in the same situation. It (the selling price) has to give us the oppor-



Waiting: Brian Waights and Liz Coupe are looking to an uncertain future.

Picture: Helen Nezdropa

tunity to start somewhere else.

"If we don't get a good negotiation, we have lost all of our superannuation."

The uncertainty of the future has caused Ms Coupe and Mr Waights depression.

"From our point of view, we bought this house four years ago for somewhere to live until we die," Ms Coupe said.

"We raised our children in this house, built our roots here.

"We have friends here.

"And it is close to everything.

"I had dreams of doing my house up and I may not live see it.

"We should be enjoying the fruits

of our work, not worrying about this."

Lesley Unsworth, place manager at Fairfield Council, said the council was sympathetic to the disruption caused by the redevelopment.

"I can understand home owners would want to settle in their homes," Ms Unsworth said.

"It is a major disruption to them. There is no doubt about that.

"But the Department of Housing is really sticking its neck out to make sure the community is informed.

"The uncertainty is the same for everyone and it isn't because any information is being withheld from the community.

Ms Unsworth said it will be another six months before the staging plans are finalised by the developer.

She said private home owners were likely to receive "market value" for their homes from the developer.

"It will be easier for people to negotiate a price with the developer than the Department of Housing," Ms Unsworth said.

Housing Minister Cherie Burton said owners were free to either accept or reject offers made by the developer.

"The Government has made a firm commitment to keep the Bonnyrigg community fully informed at all stages of the project." Ms Burton said.





Principal-agent dilemma?

State Government

~~PPPPPPPPPP~~
PPP

Bonnyrigg
Community

\$
Housing
NSW

Social
Planner



{ Community Engagement }



Private Developer

Bankruptcy ☹️

End in tears.
All fall down.

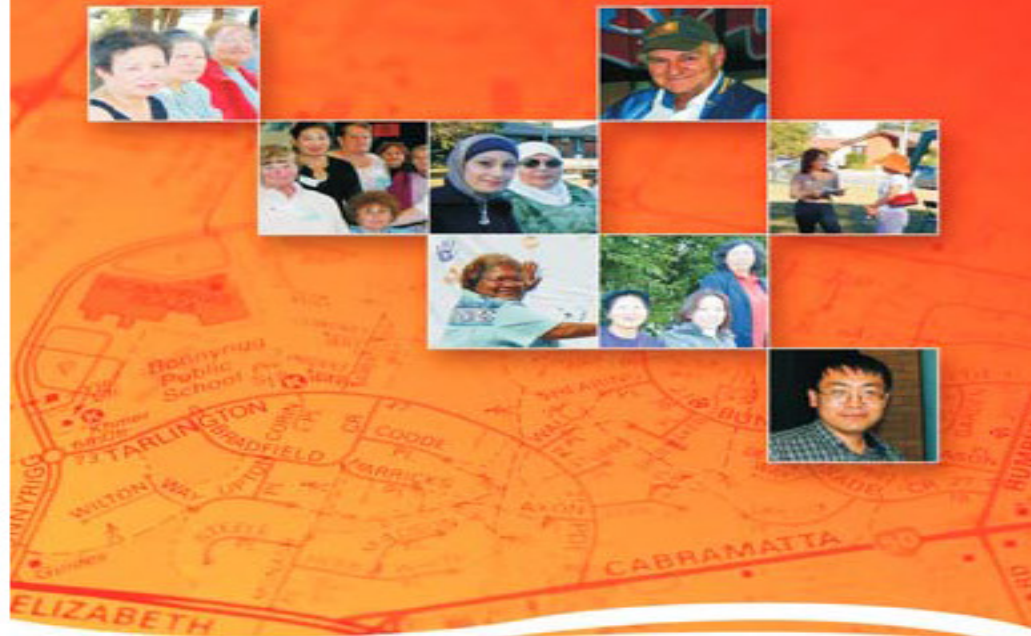
Principal-Agent Dilemma

- Or asymmetric power relations
- How could we, as community engagement practitioners, protect this community
 - from the private sector?
 - from the impacts of the Global Financial Crisis?
 - From a government department with no **Plan B**?

also known as **agency dilemma** or agency problem

- one person or entity (the “agent”)
- imake decisions on behalf of, or that influence, another person or entity: the “principal”
- agents motivated to act in their own best interests,
- contrary to those of their principals
- example of **moral hazard**





Bonnyrigg 'Living Communities'
Public Private Partnership project

Summary of contracts

Termination Provisions in the PPP Contract

1. Defaults & termination of the Project Deed
2. Termination for adverse market conditions, an uninsurable risk or force majeure
3. General termination arrangements
4. Termination payments
5. “Voluntary” termination by Housing
6. General termination arrangements
7. Termination payments
8. Actions to remedy Project Company contract breaches & “defaults” & “termination events”
9. Housing’s general powers to seek remedies or “step in” following Project Company, Development Contractor or Ground Lessee breaches

noun: ***force majeure***

unforeseeable circumstances that prevent someone from fulfilling a contract.

Force Majeure Event

(from contract)

If a “force majeure event” occurs, the affected party or parties must notify the other parties as soon as practicable, providing details of the event, its effects & any actions proposed to mitigate the effects.

Housing, the Project Company & the Partners must then consult with each other,

1. in good faith &
2. as soon as practicable,
3. and attempt to agree on appropriate terms to deal with the effects of the “force majeure event”
and
4. facilitate continued performance of the Project Deed.



Dr Dallas Rogers
University of Sydney

My take is that the global financial crisis and a relatively new/small property developer with no capital reserves to fall back on combined to start a chain of events that led to the Bonnyrigg of today.

The interesting thing is that the tenants warned us about this in the discussions I had with them back in 2005/6.

A Plan B would have been a good idea!

This is the danger of PPP, I guess.

4 August 2017



Newleaf

BY BECTON

newleaf.com

Thank you.

Wendy Sarkissian
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