

AGENDA – ORDINARY MEETING

20 MARCH 2017



LATE AGENDA ITEM

GOV 11 ACCELERATED LOCAL GOVERNMENT CAPITAL PROGRAM: CAMPBELL TOWN CBD STREETScape FUNDING APPLICATION

File: Subject 24/023
Responsible Officer: Des Jennings, General Manager

1 PURPOSE OF REPORT

The purpose of this report is to advise Council of the Accelerated Local Government Capital Program (ALGCP) that the State Government launched on 27th September 2016 as part of the Northern Economic Stimulus Package.

2 INTRODUCTION/BACKGROUND

The State Government advised as follows:

"... the Government has made the decision to bringing forward and accelerating its capital program to enhance the level of economic activity in the North and North West. The purpose of the ALGCP is to enable the same to happen at the local government level.

We believe that this is particularly important while some of the very large capital projects, like the University of Tasmania's campus relocations in Burnie and Launceston, and the Devonport Living City project, are in the planning and development phases. Enhancing the pipeline of work between now and the commencement of those larger projects is what our initiative is all about.

All councils in the Northern and North West regions are eligible to participate in the program.

Under the ALGCP, the Government will enter into a partnership with the participating councils to bring forward up to \$60 million of infrastructure investments, which will be financed by new borrowings at no cost to the participating councils.

The ALGCP will be administered by the Department of Treasury and Finance (Treasury).

The funding is being made available on a first-come first-served basis, and the program will remain open until 1 February 2017.

Projects that are eligible for funding will be those that the Council has already determined that it anticipates it will undertake over the period 2016-17 to 2020-21 (i.e. over the next five years), and will also include any matching commitments councils may have for capital projects secured through the 2016 Federal Election that are to be implemented over the same period. Some of the projects that have been identified by councils for potential funding include roads, bridges, footpaths, urban landscape and renewals and building works.

The Government is of the view that as councils are accountable to their communities and are well placed to make decisions as to what is in their best social and economic interests, it will be up to each council to determine the nature of proposals coming forward for funding under the program. There will be no business case review of the projects that are brought forward by Treasury....."

In summary,

- Council is offered finance at no cost to bring forward capital works projects.

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- Council is encouraged to accelerate its existing planned five year capital expenditure program, including matching commitments arising from the Federal election.
- Funding will be provided from a State Government funding pool of \$60 million starting immediately, and access is on a first-come-first-served basis until March 2017.
- The State Government will fund the interest incurred by Council in the period between when it draws down funding/borrowings and the time at which it had otherwise planned to fund the projects.
- The State is financing expenditure for capital works brought forward, not funding the expenditure - the benefit to Council would be getting the asset earlier at no additional cost (and obviously any additional stimulus to the local economy).

3 STRATEGIC PLAN 2017-2027

The Strategic Plan 2017-2027 provides the guidelines within which Council operates.

- Money Matters
Strategic Outcomes – Improve community assets responsibly and sustainably
Core Strategies:
 - ♦ Improve community assets responsibly and sustainably
 - Asset upgrade program is responsive to opportunity.

4 STATUTORY REQUIREMENTS

There are statutory requirements for long term asset and financial planning for local government in Tasmania.

5 POLICY IMPLICATIONS

The Long Term Financial Plan has been developed to assist the annual planning process by providing a long term view of operational and asset management decisions. This process meets the key outcome of Council's Strategic Plan for financial management, but accelerates the delivery of assets.

6 FINANCIAL IMPLICATIONS

Financial sustainability for Council, where services are mainly provided from infrastructure, is being able to manage likely developments and unexpected shocks in future periods without having to introduce substantial and economically significant or socially destabilising income or expenditure adjustments.

When developing a list of projects for any stimulus program Council should only consider bringing forward projects for new or significantly upgraded assets – and caution should be taken when bringing asset renewal projects forward as this would incur an operating cost (loss on disposal of assets being the annual depreciation of the asset between the date of actual renewal and the date of required renewal under the asset management plan).

Council endorsed the following at its meeting on 17 October 2016 (min. ref. 332/16):

That Council prepare an application under the State Government ALGCP program for up front funding to a limit of \$5,000,000 and arrange for the following identified projects to be brought forward immediately if funding is approved:

- | | |
|--|-------------|
| • Campbell Town Multipurpose Complex | \$1,750,000 |
| • Cressy Amenities | \$220,000 |
| • Longford Football Club | \$550,00 |
| • Ground lighting (incl. Longford Recreation Ground) | \$800,000 |
| • Ross Square Master Plan | \$300,000 |

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- *Office Car Park & Disabled Access* \$200,000
- *Additional footpaths* \$250,000
- *Longford Community Centre Masterplan* \$1,000,000

with the final list to be confirmed by Council's Executive.

7 RISK ISSUES

The risk of accelerating the capital works program include:

- Funding commitments to pay back the borrowings over a 5 year term
- Elevated contractor costs due to surplus of works
- Capacity of workforce to deliver on a shorter time frame
- Loss on disposal of assets that have not yet reached the end of their economic life.

8 STATE GOVERNMENT CONSULTATION

The State Government has advised Council of the Northern Economic Stimulus Program and encouraged participation with the \$60 million funding pool.

9 COMMUNITY CONSULTATION

Not at this stage.

10 OFFICER'S COMMENTS / CONCLUSION

Council is near to completing the Campbell Town Main Street Urban Design and Traffic Management Strategy.

Attached is a project brief prepared to facilitate discussion with Minister Hidding for a State Government Budgetary request for support to implement the upgrade to the CBD precinct of Campbell Town.

The estimated cost of the work is in the vicinity of \$2,100,000 for the main street component of the Strategy.

The works will need to be staged over several years in the forthcoming budget period without a significant financial injection by Council and the State Government.

Like the other State Government stimulus loans applied for by Council this would bring the Campbell Town Main Street Urban Design and Traffic Management Strategy works forward and would be another opportunity for a request to the State Government stimulus loan funding.

Officers sought advice from Treasury, and have been advised that there are funds remaining in the program at this stage, with applications to be received up until the end of March 2017.

Council's direction is sought on this matter as no application is possible without Council's approval by resolution.

11 ATTACHMENTS

- 11.1 Campbell Town Main Street Urban Design and Traffic Management Strategy – Project Brief
- 11.2 Campbell Town Main Street Urban Design and Traffic Management Strategy – Preliminary Drawings

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RECOMMENDATION 1

That the matter be discussed.

RECOMMENDATION 2

That Council make application under the State Government ALGCP program for up front loan funding of an additional \$1,000,000 to progress the upgrade of the Campbell Town CBD streetscape.

DECISION

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