



Ordinary Council

REPLACEMENT REPORT

Business Paper

date of meeting: Wednesday 17 June 2015

location: Council Chambers
17 Burrawan Street
Port Macquarie

time: 5.30pm

Note: Council is distributing this agenda on the strict understanding that the publication and/or announcement of any material from the Paper before the meeting not be such as to presume the outcome of consideration of the matters thereon.



**PORT MACQUARIE
HASTINGS**

Council's Vision

A sustainable high quality of life for all.

Council's Mission

To provide regional leadership and meet the community's needs in an equitable and inclusive way that enhances the area's environmental, social and economic qualities.

Council's Corporate Values

- ★ Sustainability
- ★ Excellence in Service Delivery
- ★ Consultation and Communication
- ★ Openness and Accountability
- ★ Community Advocacy

Council's Guiding Principles

- ★ Ensuring good governance
- ★ Looking after our people
- ★ Helping our community prosper
- ★ Looking after our environment
- ★ Planning & providing our infrastructure



**PORT MACQUARIE
HASTINGS**

How Members of the Public Can Have Their Say at Council Meetings

Council has a commitment to providing members of the public with an input into Council's decision making. The Council's Code of Meeting Practice provides two (2) avenues for members of the public to address Council on issues of interest or concern at the Ordinary Council Meeting. These are:

Addressing Council on an Agenda Item:

If the matter **is** listed in the Council Business Paper, you can request to address Council by:

- Completing the *Request to Speak on an Agenda Item at a Council Meeting*, which can be obtained from Council's Offices at Laurieton, Port Macquarie and Wauchope or by downloading it from Council's website.
- On-line at <http://www.pmhc.nsw.gov.au/About-Us/How-Council-Works/Council-Committee-Meetings/Request-to-speak-on-an-Agenda-Item>

Your request to address Council must be received by Council no later than 4:30pm on the day prior to the Council Meeting.

Council's Code of Meeting Practice sets out the following guidelines for addressing Council:

- Addresses will be limited to 5 minutes.
- If you wish any written information, drawings or photos to be distributed to the Council to support the address, two (2) copies should be provided to the Group Manager Governance & Executive Services prior to the commencement of the meeting.
- Where speakers wish to make an audio visual presentation, a copy is to be provided to the Group Manager Governance & Executive Services by 4.30pm on the day prior to the Council Meeting.
- Council will permit only two (2) speakers "Supporting" and two (2) speakers "Opposing" the *Recommendation* contained in the Business Paper. If there are more than two speakers supporting and opposing, the Mayor will request the speakers to determine who will address Council.

Addressing Council in the Public Forum:

If the matter **is not** listed in the Council Business Paper, you can request to address Council by:

- Completing the *Request to Speak in the Public Forum at Ordinary Council Meeting*, which can be obtained from Council's Offices at Laurieton, Port Macquarie and Wauchope or by downloading it from Council's website.
- On-line at <http://www.pmhc.nsw.gov.au/About-Us/How-Council-Works/Council-Committee-Meetings/Request-to-speak-in-a-Public-Forum>

Your request to address Council must be received by Council no later than 4:30pm on the day prior to the Council Meeting.

A maximum of eight (8) speakers will be heard in the Public Forum. Each speaker will be limited to 5 minutes. Council may ask questions of speakers but speakers **cannot** ask questions of Council.

Council will not determine matters raised in the Public Forum session, however may resolve to call for a further report, when appropriate.

Speakers will be allowed to address Council in the Public Forum on the same issue no more than three (3) times in each calendar year. (Representatives of incorporated community groups may be exempted from this restriction).



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HASTINGS**

Ordinary Council Meeting

Wednesday, 17 June 2015

REPLACEMENT REPORT

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Ensuring Good Governance

What are we trying to achieve?

A collaborative community that works together and recognises opportunities for community participation in decision making that is defined as ethically, socially and environmentally responsible.

What will the result be?

- A community that has the opportunity to be involved in decision making.
- Open, easy, meaningful, regular and diverse communication between the community and decision makers.
- Partnerships and collaborative projects, that meet the community's expectations needs and challenges.
- Knowledgeable, skilled and connected community leaders.
- Strong corporate management that is transparent.

How do we get there?

- 1.1 Engage the community in decision making by using varied communication channels that are relevant to residents.
- 1.2 Create professional development opportunities and networks to support future community leaders.
- 1.3 Create strong partnerships between all levels of government and their agencies so that they are effective advocates for the community.
- 1.4 Demonstrate conscientious and receptive civic leadership.
- 1.5 Implement innovative, fact based business practices.

Ensuring Good Governance

Item: 09.10

Subject: NATIONAL STRONGER REGIONS FUND - FUNDING APPLICATIONS FOR ROUND 2

Presented by: General Manager, Craig Swift-McNair

Alignment with Delivery Program

5.1.1 Plan, investigate, design and construct road and transport assets which include pedestrian, cyclist and vehicular needs.

RECOMMENDATION

That Council determine two (2) funding submissions for Round 2 of the National Stronger Regions Fund from the following projects:

- 1. Upgrade of the existing passenger terminal building at Port Macquarie Airport.**
- 2. Upgrade of the Wauchope Pool.**
- 3. Upgrade of Houston Mitchell Drive.**

Executive Summary

In October 2014 the Australian Government released information relating to a funding program called National Stronger Regions Fund (NSRF). The NSRF is offering funding of \$1 billion over 5 years, with funding of between \$20,000 and \$10 million (GST exclusive) on offer for infrastructure projects that provide economic benefit and have an identifiable and sustainable impact on a region.

While there are many worthwhile projects in this local government area, the competitive process for NSRF which has specific eligibility and assessment criteria narrows the potential projects to those that are investment ready and can be matched dollar for dollar by Council.

At the 19 November 2014 Council meeting, Council resolved to apply under Round 1 of the NSRF for enhancement to Hastings River Drive. Unfortunately Council was not successful in the Round 1 bid.

On 15 May 2015, Round 2 of the NSRF was announced, with applications closing on 31 July 2015. This report recommends projects that Council may give consideration to applying for under Round 2 of the NSRF. It should be noted that under Round 2 of the NSRF, organisations can submit applications for funding for two (2) projects.

Discussion

As stated above, in October 2014 the Australian Government released the NSRF. The NSRF is offering funding of \$1 billion over 5 years, with funding of between \$20,000 and \$10 million (GST exclusive) on offer, with local Councils being able to apply for funding.

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The objective of the NSRF is to fund investment ready projects which support economic growth and sustainability of regions across Australia, particularly disadvantaged regions, by supporting investment in priority infrastructure.

The desired outcomes of the NSRF programme are:

- Improved level of economic activity in regions;
- Increased productivity in the regions;
- Increased employment and a more skilled workforce in regions;
- Increased capacity and improved capability of regions to deliver major projects, and to secure and manage investment funding;
- Improved partnerships between local, state and territory governments, the private sector and community groups; and
- More stable and viable communities, where people choose to live.

Each application that meets the eligibility criteria will be appraised against a set of assessment criteria. The assessment criteria are:

- Assessment Criterion 1: The extent to which the project contributes to economic growth in the region;
- Assessment Criterion 2: The extent to which the project supports or addresses disadvantage in the region;
- Assessment Criterion 3: The extent to which the project increases investment and builds partnerships in the region; and
- Assessment Criterion 4: The extent to which the project and proponent are viable and sustainable.

Consistent with the policy intent of the NSRF and given that all projects must deliver an economic benefit to disadvantaged regions, Assessment Criteria will be weighted in the appraisal process. Assessment Criterion 1 will represent three parts, Assessment Criterion 2 will represent two parts, and Assessment Criteria 3 and 4 will represent one part each of the total assessment score.

Applications will be appraised against the eligibility and assessment criteria by the Department. The appraisal will be based on information provided in the application form, supporting documentation and advice from other parties.

NSRF funding will be provided for capital projects which involve the construction of new infrastructure, or the upgrade or an extension of existing infrastructure. Note the replacement of existing infrastructure will only be eligible where there is a demonstrated significant increase in productivity.

The NSRF will not fund infrastructure projects which:

- Do not have all partner funding confirmed;

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- Do not deliver sustainable economic benefits, including job creation;
- Are eligible for funding under the National Disaster Relief and Recovery Arrangements;
- Shift costs from state, territory or local governments to the Commonwealth; and/or
- Are integral elements of hospitals, as they are funded by other Government initiatives.

Grant funding from the NSRF cannot be used for the following:

- Replacement of existing infrastructure where there is no demonstrated significant increase in productivity;
- Expenditure incurred prior to the announcement that the project has been successful in its application for NSRF funding;
- Provision of services and support activities;
- Soft infrastructure, including computer software or hardware that is not an integral part of the funded capital project;
- Payment of salaries for new or existing staff or contractors; or
- Administrative overhead items, including office equipment, vehicles or mobile capital equipment, for example trucks and earthmoving equipment.

The NSRF is being offered on a 50 / 50 basis. This means that Council must be able to fund fifty percent of the project, whilst the Australian Government will fund the other fifty percent, assuming that Council is successful in their application/s. If successful, all NSRF funds are to be spent by 31 December 2019.

Round 2 applications opened on 15 May 2015 and close on 31 July 2015, with notification of successful projects taking place in December 2015.

NSRF funding cannot be used on expenditure incurred prior to the announcement that the project has been successful in its NSRF application. It is Council's interpretation of the funding guidelines that projects cannot commence until such time as the funding round has been announced and in the case of round 2 of the NSRF, that announcement being in December 2015.

The requirements of an NSRF funding application are very detailed, with each application over \$1 million requiring the following documentation:

- Evidence of Incorporation which must include articles of incorporation or similar document (not-for-profit organisations only).
- Evidence to confirm capacity to deliver the project (not-for-profit organisations only).
- Project Management Plan.

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- Business Case.
- Risk Management Plan
- Procurement Management Plan.
- Written confirmation of all partner funding (cash). If partner funding is conditional on the provision of the funding grant, Applicants must provide a letter of intent from a senior member of the organisation providing funding. The certification in the application form is appropriate confirmation, where the Applicant is the only funding partner.
- Written confirmation of all in-kind contributions
- Asset Maintenance or Asset Management Plan which includes evidence that the asset will be maintained in a viable and operational state for at least five years.
- Audited Financial Statements for two of the three most recent consecutive years signed by a qualified auditor.
- Evidence to demonstrate the Applicant's experience in delivering projects of similar size and scope or evidence to demonstrate that the Applicant will engage the relevant skills and experience.

Please find following some information relating to the three (3) projects for consideration for Round 2 NSRF funding:

Upgrade of the existing passenger terminal at Port Macquarie Airport.

The upgrade of the existing terminal building is aligned with forecast growth in airline services and passenger numbers including the potential introduction of new 180-seat B737/A320 aircraft services and is considered to best meet the aims and objectives of the NSRF.

The Airport plays a key role in underpinning the region's economic development and tourism potential, and as such it is critical that the Airport is positioned to cater for forecast growth in airline services and passenger numbers to realise the associated economic and tourism benefits.

Previous planning and design work (including development consent) has already been undertaken on an upgrade of the terminal building as part of the Stage 1 airport upgrade project commenced in 2010. At the Ordinary Council meeting held on 25 July 2012, Council resolved to defer the proposed terminal building component of the overall upgrade to Stage 1B pending further consultation with the Civil Aviation Safety Authority (CASA) and a review of the Airport Master Plan 2010.

In parallel with the Stage 1A airside upgrade project undertaken in 2013, Council carried out a review of the Airport Master Plan 2010 taking into account the Stage 1A upgrade project and advice received from CASA in relation to changes to aerodrome standards affecting Code 4C airports. The subsequent Master Plan 2010 Addendum Report was presented to Council for consideration and adoption at the Ordinary Council Meeting held on 18 December 2013.

The Master Plan 2010 Addendum Report notes that the existing terminal building already operates at near capacity during current "busy hour" peak periods.

In accordance with the resolutions from the Council meetings on 25 July 2012 and 18 December 2013, Council staff has continued to liaise closely with CASA in relation to

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future development of the Airport consistent with relevant aerodrome standards and CASA requirements.

On 6 March 2015, CASA confirmed that the proposed extension of the terminal building is acceptable in consideration of relevant aerodrome standards and the runway strip width exemption EX31/14. CASA's advice includes a number of recommendations which will be addressed in the detailed design of the project to ensure compliance with CASA requirements.

Subject to detailed design and the availability of funding, the proposed scope of the terminal building upgrade includes:

- redevelopment and expansion of the existing passenger check-in area to cater for additional airline check-in desks and expanded capacity for increased passenger numbers;
- expansion of the existing departure lounge to cater for increased passenger numbers associated with up to 180-seat B737 / A320 aircraft;
- expansion of the checked baggage (security screening) area located behind check-in to cater for the forecast increase in airline services; and
- expansion of the passenger arrivals and baggage claim areas to cater for increased passenger numbers and to provide enhanced facilities.

Subject to the NSRF funding application being successful, a further report will be presented to Council to seek approval for the final scope of works commensurate with the level of funding available.

Wauchope Pool

The upgrade of the Wauchope Pool has been the subject of several reports to Council over recent years and at the 19 November 2014 Council meeting, Council resolved the following:

That Council:

1. Note the information contained in this report.
2. Engage a Quantity Surveyor to review costings associated with works previously identified as Stage 1 Wauchope Pool Upgrade.
3. Adopt Option 1, upgrading of the 50 metre pool, filtration system and installation of heating system as the highest priority for delivery in upgrading of Wauchope Pool utilising monies currently held in trust from the sale of Timbertown.
4. Consider provision of additional funding for the upgrade of Wauchope Pool in development of 2015-2016 budgets.

CARRIED: 6/2

FOR: Besseling, Cusato, Hawkins, Intemann, Levido and Sargeant

AGAINST: Griffiths and Roberts

In line with the above-mentioned resolution of Council, the draft 2015-2016 Operational Plan includes funding of \$1.348 million from reserves and an additional \$947,000 towards the Option 1 upgrade as per the November 2014 resolution of Council. The total budget for the upgrade of the Wauchope Pool in the draft 2015-2016 budget is \$2.295 million. It should be noted that at the time of writing this report, the 2015-2016 Operational Plan and budget are in draft form only and will be considered by Council at the same Council meeting as this report will be considered.

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If the additional funding that is included in the draft 2015-2016 Operational Plan is adopted by Council, then it would provide an opportunity for Council to apply for the same amount of funding from round 2 of the NSRF i.e. \$2.295 million.

If the funding application was successful and the funding totalled \$4.59 million, the following scope of works could be undertaken:

- Refurbishment/replacement of the 50 metre pool;
- Replacement of the pool water circulation/filtration system and plant room;
- Provision of pool water heating system;
- Replacement of the concrete pool concourse;
- Provision of a tiered seating area with shade structure (replacing the recently demolished grandstand);
- Improvements to the pool entry, kiosk, first aid and office spaces;
- Refurbishment of the change rooms;
- Provision of new children's water play space;
- Refurbishment of the diving towers and boards;
- Provision of bike racks and outdoor showers;
- Landscaping works.

As stated earlier in this report, it is important to note that NSRF funding cannot be used on expenditure incurred prior to the announcement that the project has been successful in its NSRF application. It is Council's interpretation of the funding guidelines that projects cannot commence until such time as the funding round has been announced and in the case of round 2 of the NSRF, that announcement being in December 2015.

In the case of the Wauchope Pool, this would mean that no upgrade works could take place until after the announcement of the round 2 funding i.e. the upgrade works previously resolved by Council would be on hold until some time following the funding announcement for round 2 of the NSRF by the Australian Government. If Council is not successful in receiving funding from the NSRF for this project, then effectively at least another six (6) months will have elapsed where the already planned upgrade works could have been commenced.

Upgrade of Houston Mitchell Drive

The upgrade to Houston Mitchell Drive is to address road safety, traffic efficiency and environmental issues. Houston Mitchell Drive provides a link from the Pacific Highway to Lake Cathie and Bonny Hills, which is presently the fastest growth area for residential development within the Port Macquarie Local Government Area (LGA).

Houston Mitchell Drive is currently a two lane rural road with a poor horizontal and vertical alignment, and poor pavement condition. The road is a popular route for cyclists and has been part of the route for the Australian Ironman event.

Houston Mitchell Drive forms part of Council's major road network in need of upgrades to cater for traffic growth projected to be 8,000 vehicles per day by 2030.

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Upgrading to service the projected traffic volumes includes as a minimum 2 lane rural road with an on road cycleway/shoulder widening and clear zones. Vertical and horizontal realignment in some locations is also proposed.

The Houston Mitchell Road upgrade project has three stages, noting that Stage 1 (which is a middle section of the road) was designed in July 2002 and subsequently constructed. It is not proposed to re-design and or re-construct this section. The two remaining sections, being Stages 2 & 3 have recently been designed for upgrade to the same standard as Stage 1.

The upgrade of Houston Mitchell Drive from the Pacific Highway to Ocean Drive is currently included in the draft 2015-2016 Operational Plan at a value of approximately \$7.0 million. It has previously been acknowledged that this level of funding is not enough to complete both Stages 2 & 3; therefore any additional funding sourced would allow more works to be completed.

Options

Due to the fact that Council is able to submit two applications for Round 2 of the NSRF, Council is being asked to give consideration to two of the three projects included in this report. Council could also consider not supporting any funding application.

Community Engagement & Internal Consultation

There has been no specific community engagement in relation to the funding proposals that are the subject of this report. Internal consultation has taken place with the following:

- Mayor.
- Councillors.
- Airport Advisory Group.
- General Manager.
- Directors.

Planning & Policy Implications

There are no direct planning or policy implications as a result of this report.

Financial & Economic Implications

As detailed earlier in this report, the NSRF is offering funding on a 50 / 50 basis. This means that Council must fund 50% of the cost of the project that is the subject of an application. Under the NSRF guidelines, matching funding for NSRF projects can come from own source funds, or funding from another level of government i.e. the State Government, but cannot come from other federally funded programmes.

Upgrade of the existing passenger terminal at Port Macquarie Airport.

The final scope of works and corresponding budget will be subject to the success of this funding application and the amount of any funding made available by the Australian Government.

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It is proposed to seek 50% of the required budget for this project from round 2 of the NSRF, noting that Council has recently invested close to \$6 million in the \$21 million Stage 1A airside infrastructure upgrade (funded in partnership with the Australian Government via its \$15 million funding allocation).

The 50% matching funding for the NSRF would come from the Airport in the form of additional borrowings. It should be noted that the Airport is established as a separate commercial business unit of Council, funded solely by airport operations on a 'user pays' basis - no funding for this project will be required from Council's General Fund.

The total estimated cost of the upgrade to the existing passenger terminal is \$5.0 million. It is considered appropriate that Council submit a funding application under round 2 of the NSRF for 50% of the cost of this project, being \$2.5 million.

Wauchope Pool

As stated earlier in this report, the draft 2015-2016 Operational Plan includes funding of \$1.348 million from reserves and an additional \$947,000 towards the Option 1 upgrade as detailed in the November 2014 resolution of Council. The total budget for the upgrade of the Wauchope Pool in the draft 2015-2016 budget is \$2.295 million

If the additional funding that is included in the draft 2015-2016 Operational Plan is adopted by Council, then it would provide an opportunity for Council to apply for the same amount of funding from Round 2 of the NSRF i.e. \$2.295 million.

Upgrade of Houston Mitchell Drive

As stated earlier in the report, the upgrade of Houston Mitchell Drive from the Pacific Highway to Ocean Drive is currently included in the draft 2015-2016 Operational Plan at a value of approximately \$7.0 million. It has previously been acknowledged that this level of funding is not enough to complete both Stages 2 & 3; therefore any additional funding sourced would allow more works to be completed.

It is estimated that an additional \$4.0 million will see the completion of Stages 2 & 3 of the upgrade to Houston Mitchell Drive; therefore it is considered appropriate that Council give consideration to applying for \$4.0 million under Round 2 of the NSRF for the upgrade of Houston Mitchell Drive.

Attachments

Nil