

**ORDINARY MEETING OF COUNCIL  
18 DECEMBER 2008**

**ORDER OF THE DAY**

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<b>ORDER 7</b>	<b>FEDERAL INFRASTRUCTURE GRANTS</b>
<b>LOCATION/ADDRESS:</b>	<b>N/A</b>
<b>RESPONSIBLE EXECUTIVE DIRECTOR:</b>	<b>DAVID YEOUART, EXECUTIVE DIRECTOR COMMUNITY ASSETS AND SERVICES</b>
<b>AUTHOR:</b>	<b>SAM HEWETT, MANAGER ASSET SERVICES</b>
<b>FILE NO.:</b>	<b>40/01/26</b>
<b>ATTACHMENTS:</b>	<b>NIL.</b>

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**1. EXECUTIVE SUMMARY**

- 1.1. On November 17 and 18, 2008, the Mayor of the City of Port Phillip Councillor Janet Cribbes, was invited to meet the Prime Minister, Kevin Rudd, in Canberra along with Mayors from all other municipalities across Australia.
- 1.2. At this inaugural meeting of the Australian Council of Local Government, the Commonwealth Government announced \$300 million for the new Regional and Local Community Infrastructure Program (RLCIP) for community infrastructure projects.
- 1.3. This stimulus package was announced as an effort by the Commonwealth to help boost local economies.
- 1.4. The funding package applies to the current financial year and has two parts;
  - 1.4.1. A \$250 million package which will provide grants valued between \$100,000 and \$2.9 million to each Council across Australia, depending on need and population growth.
  - 1.4.2. A \$50 million fund will provide individual grants of over \$2 million for large scale projects which require joint funding.
- 1.5. A further \$8 million was set aside (and will be available to universities) to establish a 'think tank' which will examine performance improvement for local government.
- 1.6. The City of Port Phillip was allocated \$352,000 as part of 1.4.1 (above) and has been invited to apply for a grant as part of 1.4.2 (above).
- 1.7. These grants are subject to various conditions and this report provides project options for Council's consideration for each of the above Commonwealth grants.

**2. BACKGROUND AND CONTEXT**

- 2.1. As part of his speech to the Australian Council of Local Governments in Canberra in November, the Prime Minister said;

*“Our starting point in our nation-building partnership with local government is a dedicated Regional and Local Community Infrastructure Program to address the needs of local communities.*

*In May this year we announced that this fund will commence in 2009-10.*

*However, in light of economic conditions and the urgent need for investment in community infrastructure, we have decided to bring forward this investment.*

*That is why today I am pleased to announce that we will make immediate provision for \$300 million to local governments through the Regional and Local Community Infrastructure Program.”*

- 2.2. The Prime Minister went on to say;

*“Where appropriate, the Government will consider making resources available for a long term reform fund to support councils as they improve their asset management and financial plans.*

*And it will provide the Commonwealth with the confidence necessary to provide further support in the future.”*

- 2.3. In November 2008 the Prime Minister announced 2 funding programs.

- 2.3.1. The Regional and Local Community Infrastructure Program 2008/2009 (RLCIP) and;
- 2.3.2. The Regional and Local Community Infrastructure Program – Strategic Projects 2008/2009 (RLCIP Strategic Projects)

- 2.4. The City of Port Phillip has been allocated \$352,000 as part of the \$250 million RLCIP package for local government across Australia. The table below compares Port Phillip with its neighbouring municipalities.

<b>Council</b>	<b>Amount</b>
City of Port Phillip	\$352,000
Glen Eira City Council	\$460,000
City of Yarra	\$305,000
City of Stonnington	\$364,000
City of Kingston	\$488,000
City of Bayside	\$355,000
City of Melbourne	\$336,000

- 2.5. As part of the RLCIP conditions set out by the Commonwealth, the City of Port Phillip is required to advise the Commonwealth by January 30 2009 with the details of the project(s) it intends to complete with the grant funding (\$352,000).
- 2.6. The conditions for acceptable projects for RLCIP includes;
- Must be for ready to proceed projects
  - For new construction, renovations, or refurbishments
  - For social and cultural infrastructure, recreational facilities, tourism infrastructure, youth, children and seniors facilities, access facilities and environmental initiatives
  - Funding can be used for construction or fit out, engineering or geotechnical studies, land surveys, site investigations and project management costs.
  - Not to be used for roads, operational costs, maintenance, or transport initiatives
  - Funding must be expended by September 30 2009.
  - Payment to the City of Port Phillip will be made when the Council signs the agreement.

- Progress report is due on May 30 2009.
  - Final report is due on the expenditure on the project by September 30 2009.
- 2.7. As part of the RLCIP – Strategic Projects conditions set out by the Commonwealth, the City of Port Phillip is required to apply for this grant by December 23 2008. This is a nationally competitive process and priority will be given to those projects which include partnership funding and are significant in size and scale.
- 2.8. The conditions for acceptable projects for RLCIP – Strategic Projects includes;
- Must be for ready to proceed projects
  - For new construction, renovations, or refurbishments
  - For social and cultural infrastructure, recreational facilities, tourism infrastructure, youth, children and seniors facilities, access facilities and environmental initiatives
  - Funding can be used for construction or fit out, engineering or geotechnical studies, land surveys, site investigations and project management costs.
  - Not to be used for roads, operational costs, maintenance, or transport initiatives
  - Funding will be available for a limited number of large strategic projects seeking a minimum Commonwealth contribution of \$2 million.
  - Project construction must commence within six months of the funding agreement being signed (Services agreements are estimated to be with successful local governments in February 2009).
  - Project reports will be due at agreed and negotiated milestones throughout the project.

- 2.9. Council officers have explored a range of capital project options which may be appropriate for these grants. This included an option to apply both grants to the replacement of Council's 80 watt mercury vapour lights (used in most of Port Phillip's residential streets) with the T5 twin 14 Watt fluorescent light (which uses only 32% of the power of the 80 watt mercury vapour light). The total cost of this replacement is estimated at approximately \$2 million and is a cost that will be borne by Council. Unfortunately, when Council officers contacted the Commonwealth Department of Infrastructure, Transport, Regional Development and Local Government to clarify whether this is an acceptable project for the grants, we were informed that it was not. The Commonwealth believe this is a maintenance program and not in the spirit of the grants.

NB – Council still has an option to fund this public lighting replacement from the capital works program 2009/2010. Council will be consulted about this option in early 2009.

- 2.10. The Commonwealth has indicated that a further announcement will be made under the Regional and Local Community Infrastructure Program as part of the 2009/2010 budget.

### **3. RECOMMENDED OPTION**

- 3.1.1. Council is asked to approve the grant application for the Commonwealth's Regional and Local Community Infrastructure Program 2008/2009 for the Play Space Upgrades (Garden City Reserve Playspace, Catani Garden's Playspace and Jacoby Reserve Playspace) in the amount of \$352,000.
- 3.1.2. Council is asked to approve the grant application for the Commonwealth's Regional and Local Community Infrastructure Program – Strategic Projects 2008/2009 for the Urban Studies Centre (USC) in the amount of \$3.7 million.

#### **3.2. Criterion for recommendation**

Council is advised that the above recommendations are made based on the capacity of the project meeting the grant eligibility.

While other projects have been considered (see options below) the above projects represent the best fit for the two grants available.

- 3.2.1. The Playspace Upgrades (Garden City Reserve, Catani Gardens Reserve and Jacoby Reserve) are highly visible and tangible projects, are well advanced in terms of their planning, have had wide consultation and enjoy community support. It is anticipated that the three Playspaces will be completed prior to June 2009
- 3.2.2. The Urban Studies Centre (USC) is one of only 2 projects in Port Phillip that fit the criteria for the RLCIP – Strategic Projects (the other is listed below in 'Options'). The USC is a significantly sized project, enjoys significant joint funding (approximately \$850,000 from the City of Port Phillip) is well planned, enjoys wide community support, and is scheduled to begin construction in May/June 2009.

3.3. Sustainability assessment

*SOCIAL EQUITY*

Social Pillar	The Playspace Upgrades and the Urban Studies Centre projects are examples of Council's commitments to children, to the arts and culture, to free leisure and recreational pursuits and projects which span the municipality. They have responded to community demands and are great examples of community driven project development.
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*ECONOMIC VIABILITY*

Economic Pillar	These projects will assist Council to renew its special places and assets and will share the cost of renewing other ageing infrastructure. The <b>RLCIP</b> funding will allow 3 community Playspaces to be upgraded, and as they are fully funded, this will allow Council to reallocate \$352,000 towards other projects that may not have been funded without the grant.
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*ENVIRONMENTAL RESPONSIBILITY*

Environmental Pillar	Council establishes its capital works program with an acute environmental sensitivity. All projects need to be able to demonstrate a commitment to sustainability in terms of energy savings, water saving or though the selection of products and/or services that go into constructing the project. The three Playspaces and the Urban Studies Centre have complied with this requirement.
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*CULTURAL VITALITY*

Cultural Pillar	These projects are accessible by all Port Phillip's communities. They provide variety and respect Council's individual communities and their particular needs. The USC responds to Council's impressive arts and cultural collection and a purpose built centre further respects the collection.
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3.4. Policy and legislative implications

There is strict project eligibility attached to the grants offered by the Australian Government. In particular, the Commonwealth has stressed the need to fully expend the RLCIP funding by September 30 2009 and to begin construction of the projects funded under the RLCIP Strategic Program within 6 months of signing the service agreement.

3.5. Risk implications

The Commonwealth has reserved the right to recover funds and terminate funding agreements where grant requirements have not been met. To reduce this risk, only projects with an increased likelihood of complying with the grant criteria should be selected for these grant applications.

3.6. Resource implications

No further resources will be required from Council as part of these grant applications. All projects will be delivered using existing resources.

However, if Council chooses another of the options (listed below) then Council will be expected by the Commonwealth to meet the financial shortfall where necessary.

**4. ALTERNATIVE OPTIONS**

4.1. Alternative 1

Should Council prefer there are other viable options for the 2 grants which are outlined in the tables below. The rationale is also articulated.

<b>RLCIP 2008/2009</b>	<b>Project</b>	<b>Project Cost</b>	<b>Rationale</b>
<b>Option 1</b>	Street and Park Furniture	\$352,000	There is a constant need to renew, replace and install new street and park furniture throughout the municipality. It is ready to be purchased and can be stored until required.
<b>Option 2</b>	St. Kilda Family and Children's Services Land Purchase	\$750,000*	The land purchase is critical to the establishment of the St. Kilda Family and Children's Services Centre. Negotiations for purchase are well advanced and will be complete by June 2009.

\* Council would contribute the difference of \$398,000

<b>RLCIP – Strategic Projects 2008/2009</b>	<b>Project</b>	<b>Funding</b>	<b>Advantages</b>
Option 1	Elwood Foreshore Management Plan (Final Stage)	\$2,600,000	This project is well planned, can commence construction prior to September 2009, and has enjoyed considerable joint funding to date from the City of Port Phillip of approximately \$1.6 million.

4.1.1. Policy and legislative implications

No change

4.1.2. Risk implications

No change

4.1.3. Resource implications

No change

**5. PARTICIPATION AND ENGAGEMENT**

5.1. Internal

5.1.1. The people who have been engaged with in relation to this issue are:

- Chief Executive Officer
- Executive Director Organisation Systems and Support
- Executive Director Community Development and Planning
- Managers of Community Services, Environment and Renewal, Culture and Recreation, Buildings and Green Services, Infrastructure Services
- Co-ordinator Asset Planning.

5.1.2. Considerable internal consultation has occurred to be sure that all project options were considered before a recommendation was made to Council. All agree that the recommended options are the best fit for the grants, and in relation to the RLCIP Strategic Projects, the USC application gives Council the best chance of a successful application.

5.2. External

5.2.1. The external people and/or organisations who have been engaged with in relation to this issue are:

- The Commonwealth Department of Infrastructure, Transport, regional Development and Local Government.
- The Chief Executive Officer and Manager of Environment of Frankston City Council.

5.2.2. The Commonwealth Department of Infrastructure, Transport, regional Development and Local Government was consulted to determine more clearly the government's priorities particularly in relation to the RLCIP Strategic Projects. We were informed at that time that no public lighting project would be supported and the projects most likely to receive support for the Special Project funding would be significant in size and have significant joint funding commitments.

The City of Frankston was consulted at the time when Port Phillip was considering a joint local government grant application for change over of the mercury vapour 80w public lighting to the more environmentally friendly T5.

**6. IMPLEMENTATION**

6.1. Council will be required to provide details of projects intended for the Regional and Local Community Infrastructure Program by January 30 2009.

6.2. Council will be required to apply for the Regional and Local Community Infrastructure Program – Strategic Project funding by December 23 2008.

6.3. Once the Australian Government has received details of Council's applications and once decisions have been made, appropriate adjustments will be made to Council's Capital Works program.

6.4. The Manager Asset Services will inform Council on the outcome of the grant application process when known. He will also be responsible for all grant applications and all milestone reporting to the Australian Government as per the conditions of the grants.

**7. COMMUNICATION**

7.1. The City of Port Phillip is pleased that the Australian Government has directly allocated funding to local government and has recognised local government is well placed to deliver local projects that benefit local communities. This package also addresses infrastructure renewal concerns of local government.

7.2. The City of Port Phillip is pleased that the Australian Government is likely to make further announcements about funding for local government infrastructure needs as part of the 2009/2010 budget.

**8. RECOMMENDATION**

- 8.1. That the Council approve the grant application for the Commonwealth's Regional and Local Community Infrastructure Program 2008/2009 for the Play Space Upgrades (Garden City Reserve Playspace, Catani Garden's Playspace and Jacoby Reserve Playspace) in the amount of \$352,000.
- 8.2. That the Council approve the grant application for the Commonwealth's Regional and Local Community Infrastructure Program – Strategic Projects 2008/2009 for the Urban Studies Centre in the amount of \$3.7 million.