

Agenda

Special Meeting of Council

Tallangatta Council Office

Tuesday 19 December 2017

AGENDA FOR THE SPECIAL MEETING OF COUNCIL TO BE HELD AT TOWONG SHIRE COUNCIL, TALLANGATTA OFFICE ON TUESDAY 19 DECEMBER 2017 COMMENCING AT 10.30 AM.

Commonly used acronyms

ABBREVIATION	TITLE
Council Officers	
CAE	Civil Asset Engineer
CEO	Chief Executive Officer
DCCS	Director Community and Corporate Services
DTS	Director Technical Services
EA	Executive Assistant
MCS	Manager Community Services
MED	Manager Economic Development
Government/Organisation	
ACSUM	Alliance of Councils and Shires of the Upper Murray
CHS	Corryong Health Service (formerly Upper Murray Health and Community Services)
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
DELWP	Department of Environment, Land, Water and Planning
GMW	Goulburn Murray Water
HRGLN	Hume Region Local Government Network
MAV	Municipal Association of Victoria
NECMA	North East Catchment Management Authority
NEW	North East Water
NEWRRG	North East Waste and Resource Recovery Group
RCV	Rural Councils Victoria
RDA	Regional Development Australia
RDV	Regional Development Victoria
THS	Tallangatta Health Service

TABLE OF CONTENTS

1	Opening Prayer.....	4
2	Councillor and Officer presence at the meeting.....	4
3	Apologies and granting of leave of absence	4
4	Declaration of pecuniary interest and/or conflict	4
5	Organisational improvement.....	4
5.1	Building Better Regions Funding applications (05/01/0149-DCCS)	4
5.2	Building Better Regions Funding applications (04/11/0045-DCCS)	8

1 Opening Prayer

"Almighty God, we ask that you be present at this meeting to assist us in our service to the Community through Local Government.

We pray that our decisions will be wise and taken with goodwill and clear conscience.

Amen."

2 Councillor and Officer presence at the meeting

3 Apologies and granting of leave of absence

4 Declaration of pecuniary interest and/or conflict

For the purpose of this section, Councillors must disclose the nature of the conflict of interest in accordance with s79 (2) of the Local Government Act.

5 Organisational improvement

5.1 Building Better Regions Funding applications (05/01/0149-DCCS)

Disclosure of Interests (S.80C):

This report was prepared by Ms Jo Shannon, Director Community and Corporate Services.

At the time of preparation of the report the officer did not have a direct or indirect interest in any matter to which the report or advice relates.

Background/History:

The Building Better Regions Fund provides Australian Government funding for significant infrastructure projects across regional Australia. It was formerly known as the National Stronger Regions Fund.

The Infrastructure Projects Stream of the funding program supports projects which involve the construction of new infrastructure, or the upgrade or extension of existing infrastructure that provide economic and social benefits to regional and remote areas.

Funding is provided on a \$1:\$1 basis; for each dollar committed by Council (or other partners), the Building Better Regions Fund will provide one dollar.

Council has had some success in recent rounds of this funding program:

- Destination Tallangatta \$2,600,000
- Upper Murray Events Centre \$ 800,000
- Great River Road \$ 495,000

Applications for the next round of the Building Better Regions Fund close on 19 December 2017.

It is proposed to submit two applications on behalf of Council:

- Connecting Corryong
- Tallangatta Holiday Park

This report relates to the Connecting Corryong project.

Council officers are currently finalising the funding application for this project. Applications are required to be accompanied by a commitment from Council regarding the proposed financial contribution.

Connecting Corryong

The Connecting Corryong project will deliver strong economic benefits to the local community and wider Upper Murray region by attracting and servicing visitors to the town and by making the town a more attractive place to live. The project promotes improved pedestrian and cycling connectivity between key tourism destinations, as well as local services and facilities. The town's tourism potential will grow with a new lookout at Playle's Hill, town entrance improvements and critical infrastructure such as seating, signage, shelters and interpretive artwork.

The economic impact analysis for this project reports an expected increase in ongoing jobs of 12 FTE (and 121 FTE during construction).

An application for the Connecting Corryong project was submitted in the last round of the Building Better Regions Fund but was unsuccessful. Feedback has been received and the application updated to improve the chances of success.

The Connecting Corryong project has been costed at \$5,348,308. The financial commitment required from Council to deliver the project is \$2,674,154.

Given the nature of the proposed works (road, footpaths/walking tracks, streetscape improvements) closely aligns with Council's upcoming asset renewal needs, it is proposed that this be funded primarily through an allocation of rates within Council's regular asset renewal program (if the application is successful). The asset renewal program over the coming three years has been reviewed. The existing renewal program can accommodate funding of \$2,225,454 (over three years) to be allocated specifically to the Connecting Corryong project without comprising Council's asset renewal needs across the Shire. There is an additional financial commitment of \$414,000 (2018/19 \$118,000, 2019/20 \$118,000 and 2020/21 \$178,000) that is required to deliver the full project. It is proposed that this be funded from Council's cash reserves in the first instance and that borrowings be secured if Council's cash reserves are not adequate at the time of delivering the project.

So in summary,

Total project cost	\$5,348,308
Total Council commitment required	\$2,674,154
Funded through:	
Existing asset renewal program	\$2,225,454
Existing cash reserves (or borrowings if required)	\$414,000

Impact on Council Policy:

The project is consistent with the strategic objectives contained in the recently adopted 2017-2021 Council Plan.

Connecting Corryong has been identified as a specific strategy (6.9 Seek funding for the Connecting Corryong project) and aligns with the following strategic objectives:

- Assist all residents to attain a high level of health and safety, resilience and connectedness to their communities
- Maintain and improve our Shire's infrastructure to meet agreed levels of service
- Expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers

State Government Policy Impacts:

N/A

Budget Impact:

This project will require a significant financial commitment from Council as detailed elsewhere in this report.

Risk Assessment:

The Connecting Corryong project is low risk. It is very similar to the Destination Tallangatta project, is related to upcoming asset renewal needs and is manageable within current Council operations.

Community Consultation/Responses:

Key stakeholders have been engaged in the development of the funding application and have provided letters of support. Further community consultation will be undertaken as appropriate if the funding application is successful.

Discussion/Officers View:

The Building Better Regions Fund provides an opportunity for Council to deliver on a number of its strategic objectives, in particular to "expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers".

Whilst a significant financial commitment from Council is required, the long term benefits to the local and regional community of delivering the project is quantifiable and is likely to provide moderate economic development activity to the Upper Murray region.

Project	Total project cost	Council commitment required	Jobs during construction	Jobs ongoing
Connecting Corryong	\$5,348,308	\$2,674,154	121	12

It is recommended that Council commit the required financial resources to enable the Connecting Corryong application to be submitted in this round of the Building Better Regions Fund.

RECOMMENDATION:

THAT COUNCIL COMMIT \$2,674,154 TOWARDS A BUILDING BETTER REGIONS FUNDING APPLICATION FOR THE CONNECTING CORRYONG PROJECT.

5.2 Building Better Regions Funding applications (04/11/0045-DCCS)

Disclosure of Interests (S.80C):

This report was prepared by Ms Jo Shannon, Director Community and Corporate Services.

At the time of preparation of the report the officer did not have a direct or indirect interest in any matter to which the report or advice relates.

Background/History:

As reported previously applications for the next round of the Building Better Regions Fund close on 19 December 2017.

It is proposed to submit an application for the Tallangatta Holiday Park transformation project.

Tallangatta Holiday Park Transformation

The Tallangatta Holiday Park Planning Study was completed in 2014. The Study identified options for developing the Caravan Park, the expected impact on visitation and the resultant financial implications.

A minor upgrade of the park was included in the Destination Tallangatta project which secured National Stronger Regions Funding in 2015. These works will commence in 2018. The Tallangatta Holiday Park Planning Study envisaged an upgrade of more significant scale. The Tallangatta Holiday Park transformation project delivers on the Planning Study and would see the Park elevated to a more established "Big Four" standard caravan park.

The project would include:

- Master planning and design
- Civil works
- Construction of tourist cabins
- Additional and upgraded caravan and camping site facilities, including ensuite sites
- Upgraded and expanded toilet and shower amenities
- Installation of new recreation facilities including:
 - Swimming pool
 - Jumping Pillow
 - Playground
 - Bicycle Pump Track
 - Mini golf area
 - Grassed open space

The economic impact analysis for this project reports an expected increase in ongoing jobs of 70 FTE (and 25 FTE during construction).

The financial commitment required from Council to deliver the Tallangatta Holiday Park major upgrade project is \$968,000. This project differs significantly from the Connecting Corryong project. The assets at the Tallangatta Holiday Park are not currently Council assets and Council has no obligation to renew the assets. Discussions with Goulburn Murray Water have been continuing with respect to the future ownership of the Caravan Park.

Council does not have adequate financial resources to fund this project from existing cash reserves or future rates income. Given that this project has significant future employment opportunities for the Shire, it would be appropriate to consider borrowings to deliver this upgrade. Financial modeling, supported by the Tallangatta Holiday Park Planning Study and other valuation data held by Council, indicates that

Council could accommodate borrowings of \$936,000 to deliver the upgrade, with future income streams servicing the loan.

Impact on Council Policy:

The project is consistent with the strategic objectives contained in the recently adopted 2017-2021 Council Plan.

The Tallangatta Holiday Park transformation project has been identified as a specific strategy (6.7 Secure control of the Tallangatta Caravan Park and seek funding to implement the adopted recommendations from the Tallangatta Holiday Park Planning Study) and aligns with the strategic objective to expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers.

State Government Policy Impacts:

N/A

Budget Impact:

This project will require a moderate financial commitment from Council (\$936,000).

If successful in securing funding, there are two obvious options available to Council to operate the Park:

- a. Lease to a commercial operator.
- b. Appoint council staff to operate the Park.

If the Park was leased to a commercial operator it would be reasonable to assume some level of upfront capital contribution and an annual market rent would be payable to Council. These contributions would initially reduce any borrowings accessed by Council and then service any remaining debt.

If Council were to operate the Park there would be a significant net revenue stream flowing to Council, as detailed in the Tallangatta Holiday Park Planning Study (Year 4 - \$180,170, increasing to \$315,249 by year 10). This would be adequate to service and repay any borrowings related to the project.

Risk Assessment:

The risks associated with the Tallangatta Holiday Park transformation project differ to those with the Connecting Corryong project. The Park is an asset that is not currently

owned by Council and Council would require borrowings to deliver the project. The borrowings would be serviced by future revenue streams. Offsetting this is the more significant employment outcomes generated, the opportunities for private sector or other government funding support and the revenue streams generated to fund borrowings. On balance it is recommended that the application be submitted with the required Council financial commitment.

Community Consultation/Responses:

Community consultation will be undertaken as appropriate if the funding application is successful.

Discussion/Officers View:

The Building Better Regions Fund provides an opportunity for Council to deliver on a number of its strategic objectives, in particular to “expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers”.

The financial commitment required from Council is manageable given the long term benefits expected to be realised for the local and regional community.

Project	Total project cost	Council commitment required	Jobs during construction	Jobs ongoing
Tallangatta Holiday Park transformation	\$1,936,000	\$968,000	25	70

It is recommended that Council commit the required financial resources to enable the Tallangatta Holiday Park transformation project application to be submitted in this round of the Building Better Regions Fund.

RECOMMENDATION:

THAT COUNCIL:

- 1. COMMIT \$936,000 TOWARDS A BUILDING BETTER REGIONS FUNDING APPLICATION FOR THE TALLANGATTA HOLIDAY PARK TRANSFORMATION PROJECT; AND**
- 2. CONSIDER SEEKING BORROWINGS TO FUND THE COMMITMENT IF THE APPLICATION IS SUCCESSFUL.**