

8.6 Regional Cultural Fund - Acceptance of Grant Funding

REPORT BY THE DIRECTOR DEVELOPMENT AND CHIEF FINANCIAL OFFICER
TO 20 FEBRUARY 2019 ORDINARY MEETING
GOV400067, GRA600002

RECOMMENDATION

That Council:

1. **receive the report by the Director Development and Chief Financial Officer on the Regional Cultural Fund - Acceptance of Grant Funding;**
2. **accept \$2,292,800 in grant funding from the NSW State Government for the Regional Art Gallery;**
3. **authorise the General Manager to finalise and sign a funding agreement with the NSW Government for the Regional Art Gallery; and**
4. **amend the 2017/21 Delivery Program to:**
 - 4.1 **reduce 2019/20 grant funding by \$707,200;**
 - 4.2 **increase 2019/20 project expenditure by \$1,092,800;**
 - 4.3 **fund total deficit of \$1,800,000 by allocating VPA funding of \$1,200,000, with the remaining \$600,000 to be funded from unrestricted cash.**

Executive summary

The NSW Government has announced that Mid-Western Regional Council will receive \$2,292,800 in grant funding from Round 2 of the Regional Cultural Fund towards the development of a Regional Art Gallery.

The purpose of this report is to amend Council's Operational Plan and Delivery Program for the 2018/19 financial year, and to authorise the General Manager to accept the funding and sign the funding agreement and other relevant documentation.

Disclosure of Interest

Nil.

Detailed report

Council applied for grant funding from the NSW Government's Regional Cultural Fund in September 2018. The total cost of the Regional Art Gallery project as outlined in the business case is \$4,592,800, which includes refurbishment of the existing building, construction of a new building to accommodate further gallery and workshop space, offices and car parking. Council's application for grant funding requested \$3,992,800 from the NSW Government, with Council required to make a co-contribution to the project of \$600,000.

In January 2019, the NSW Government announced that Council's application was successful and that \$2,292,800 would be provided towards the project. As a result of the announcement, the co-contribution required from Council towards the project is \$2.3 million (i.e. 50% of the total project cost).

The Regional Art Gallery project is already identified in Council's 2017/21 Delivery Program and Operational Plan for the 2018/19 financial year with a total project expenditure of \$3,500,000, to be funded \$500,000 from developer contributions and \$3,000,000 from grant funding. This was based on the initial estimate of costs during the budgeting process for the 2018/19 Operational Plan. The development of the full business case in September 2018 required more detailed assessment of the project scope and analysis of individual activities involved, with a total estimated project cost of \$4,592,800. This funding is currently split over 2 financial years (2018/19 & 2019/20).

If Council accepts the \$2,292,800 from the NSW Government's Regional Cultural Fund, the required co-contribution from Council is \$2,300,000 (i.e. 50% of the total project cost).

It is recommended to fund the co-contribution from available restricted and unrestricted cash, with \$1.2 million to be funded from VPA (Wilpinjong Community Infrastructure) and the remaining \$600,000 to come from unrestricted cash.

Community Plan implications

Theme	Looking After Our Community
Goal	Effective and efficient delivery of infrastructure
Strategy	Provide infrastructure and services to cater for the current and future needs of our community

Strategic implications

Council Strategies

A key strategy in Council's Towards 2030 Community Plan is to support arts and cultural development across the Region.

A Regional Art Gallery was identified by the Mid-Western Regional Community as a key strategic project for the Region as part of community consultation conducted for the 2016/17 review of the Community Plan. It was ranked as the fifth most important project for the over 40's age bracket and second for the over 60's age bracket.

Council Policies

Not Applicable

Legislation

Not Applicable

Financial implications

If Council accepts grant funding from the NSW Government for the Regional Art Gallery, the 2017/21 Delivery Program will need to be amended as follows:

- Increase total project expenditure by \$1,092,800 (i.e. from \$3.5 million to \$4.6 million);
- Reduce grant funding by \$707,200 (i.e. from \$3,000,000 to \$2,292,800); and
- Increase VPA funding by \$1,200,000.

The remaining funding gap of \$600,000 will reduce unrestricted cash balances.

There are adequate unrestricted cash levels in the current 2017/21 Delivery Program to allow for this reduction and still meet Councils ongoing cash requirements.

Budget Year	Operating Performance Ratio	Own Source Revenue	Building & Infrastructure Renewal
2018/19	-	-	-
Future Years	X	X	X

Associated Risks

Not Applicable

JULIE ROBERTSON
DIRECTOR DEVELOPMENT

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

30 January 2019

- Attachments:*
1. Business Case. (Confidential - separately attached)
 2. Funding Agreement. (separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER