

8.7 Glen Willow Stage 2 - 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 Glen Willow Stage 2 - Acceptance of Grant Funding;
2. accept up to \$10 million in grant funding from the NSW State Government, if successful, under the Regional Growth – Environment and Tourism Fund for the Glen Willow Stage 2 project;
3. authorise the General Manager to finalise and sign a funding agreement, if successful, with the NSW Government for the Glen Willow Stage 2 project;
4. amend the 2017/21 Delivery Program in the 2019/20 financial year to increase grant funding by \$3.45 million and increase project expenditure by \$3.45 million;
5. note that Council does not yet meet the requirements under the Building Better Regions Fund, until matched funding is identified for the entire \$6.95 million approved grant;
6. approve commencement of works for all matched funding in the 2018/19 Operational Plan, made up of:
 - 6.1 \$400,000 grant funding under the Building Better Regions Fund;
 - 6.2 \$400,000 developer contributions as matched funding; and
7. note that should Council be unsuccessful under the Regional Growth – Environment and Tourism Fund a further report will be brought back to Council identifying alternate funding sources, and amending the 2017/21 Delivery Program and 2019/20 Operational Plan.

Executive summary

Council has recently submitted an application for a \$10.0 million grant from the NSW Government towards the Glen Willow Stage 2 project.

The purpose of this report is to amend the 2017/21 Delivery Program, so that if Council is successful in obtaining this grant, it has an adequate budget in place 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 Growth – Environment and Tourism Fund in January 2019. A \$10.0 million grant was applied for as a contribution to the Glen Willow Stage 2 development.

In July 2018, Council was successful in obtaining a \$6.95 million grant from the Federal Government towards the Glen Willow Stage 2 project under the Building Better Regions Fund. As the grant requires matched funding (i.e. a 50% co-contribution), Council had applied to the NSW Government for the matched amount of \$6.95 million under the Regional Sports Infrastructure Fund.

As Council is yet to receive an official response regarding the success of this application, a further application was submitted in January 2019 for a total of \$10.0 million under the NSW Government's Regional Growth – Environment and Tourism Fund which includes:

- \$6.95 million (as Council's matched contribution for the Federal Government grant)
- \$3.45 million (for additional roads, pedestrian and vehicle access in and around the complex, lighting etc. which is essential for the optimal operation of the entire precinct)

The Glen Willow Stage 2 project is already identified in Council's 2017/21 Delivery Program and Operational Plan with a total project expenditure of \$13.9 million.

If Council is successful for the full amount applied for and accepts the \$10.0 million from the NSW Government's Regional Growth – Environment and Tourism Fund, the total project will increase from \$13.9 million to \$17.35 million. The following table shows the proposed source of funding.

Funding Source	2018/19	2019/20	Total
Federal Government (BBR Fund)	\$2,600,000	\$4,350,000	\$6,950,000
NSW Government (RET Fund)	\$0	\$10,000,000	\$10,000,000
Council (Section 94 Fund)	\$400,000	\$0	\$400,000
Total	\$3,000,000	\$14,350,000	\$17,350,000

The timing of the announcement for grant funding under the NSW Government's Regional Growth – Environment and Tourism Fund is unclear at this stage. If an announcement is not made prior to 1 March 2019, caretaker mode will be in place for the upcoming state elections and therefore, any announcement will be on hold.

This could result in a lengthy delay in commencing the Glen Willow Stage 2 project and may have implications for the Federal Government funding which has already been committed. In this case (i.e. if the NSW Government's grant funding is not announced by 1 March 2019), it is proposed that Council proceed with identifying alternate sources for the amount of \$6.55 million which is the balance of funds required to match the co-contribution for the Federal Government grant.

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

Towards 2030 Community Plan
Recreation Strategy 2013
Glen Willow Master Plan

Council Policies

Not Applicable

Legislation

Local Government Act 1993

Financial implications

If Council accepts \$10 million in grant funding from the NSW Government under the Regional Growth – Environment and Tourism Fund, the 2017/21 Delivery Program will need to be amended as follows:

- Increase total project expenditure by \$3.45 million in 2019/20 (i.e. from \$13.9 million to \$17.35 million); and
- Increase grant funding by \$3.45 million in 2019/20 (i.e. from \$13.5 million to \$16.95 million).

If a funding announcement is not made by 1 March 2019, the recommendation is that Council proceed with identifying alternative funding to match the remainder of the Federal Government grant. Currently, available funding options are as follows:

- developer contributions (\$2.75 million);
- restricted or unrestricted cash (\$800,000);
- loan funding (\$3 million).

Council has low levels of loan borrowings (with a debt service cover ratio of 9.4 compared to the benchmark of 2.0), and therefore, it is able to utilise loan funding to provide Council's co-contribution to the project.

The annual cash impact of loan funding \$3 million dollars, would be repayments (principal and interest) of an estimated \$210,000.

Knowing the above alternate funding is available should it be required, it is recommended that Council approve commencement of works in the 2018/19 financial year, for the matched funding amount of \$800,000 (\$400k Federal Grant & \$400k developer contributions) so that Council can begin to meet its requirements under the Federal Government grant and to not unnecessarily delay works while awaiting an announcement on the State Grant outcome.

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

Associated Risks

If Council does not wish to obtain loan funding to provide the co-contribution required for the Federal Government grant, it can continue to apply for NSW Government grants. The concern in this approach is that the project will need to be placed on hold and there may be lengthy delays in securing grant funding and/or grant funding may not be available at all in the future. This could result in Council being required to forfeit the Federal Government grant of \$6.95 million.

JULIE ROBERTSON
DIRECTOR DEVELOPMENT

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

31 January 2019

Attachments: Nil

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER