

# 2016 State Local Government

## Infrastructure Partnership

*A job stimulus program backed by  
the SA Government,  
the Local Government Association  
of South Australia, the Local  
Government Finance Authority and  
participating SA Councils*

**December 2016**



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## Introduction

The State Local Government Infrastructure Partnership (the Partnership) has been developed to support councils to accelerate spending on community infrastructure projects and deliver public value and economic stimulus.

Under the Partnership, the State government will provide funding support to facilitate payment of \$25 million in grants to councils for up to 20 per cent of the cost of eligible projects. Councils will finance the remaining 80 per cent of the cost either through their own reserves or borrowings.

Partnership grants will be available as a once-off for projects approved in 2016-17, with grants being paid once construction has commenced.

The Local Government Financing Authority (LGFA) will provide finance, for a ten-year period, for any council borrowings on Partnership projects at its cost of funds (inclusive of State guarantee fee) plus a 0.2 percentage point margin.

The Partnership is being administered jointly by the Department of Planning, Transport and Infrastructure (DPTI) and the Local Government Association (LGA).

This document provides guidance for Partnership applicants on:

- eligibility requirements;
- the submission process and required information;
- the assessment process; and
- key dates.

## Eligibility

### Who can apply?

- Any council (as constituted under the Local Government Act 1999) can apply for Partnership support.
- Two or more councils may jointly apply for a single or related group of projects located across council boundaries, provided that the respective financing contributions of each council is agreed and documented between the applicable councils.
- A Partnership grant will only be provided for a maximum of one project per council unless the program is not fully subscribed with projects that meet the essential criteria. However, councils may submit applications for more than one project.

To be considered for Partnership support, councils must demonstrate that they:

- are committed to operating in a financially sustainable manner and have adopted a Long-term Financial Plan (supported by an Infrastructure and Asset Management Plan) which demonstrates that, on average over time, the council's annual operating expenses are less than or equal to its operating revenue or at least are trending in this direction.
- understand and are comfortable with their projected levels of indebtedness resulting from the project and that those levels established by the council as part of ensuring the council's long-term financial sustainability.

## Eligible projects (essential criteria):

To be eligible for Partnership support, proposed infrastructure projects must:

- Be renewal, replacement or upgrades of existing assets or the creation of new assets;
- Be included in the council's existing adopted Infrastructure and Asset Management Plan and Long-term Financial Plan and able to be brought forward by at least 2 years as a result of Partnership assistance, or be currently unfunded;
- Be supported by a business case, including cashflow projections for the construction and operation phase (including any grants or private contributions to the project), and demonstrate the council's capacity to meet the ongoing additional costs associated with any new/upgraded infrastructure (i.e. maintenance, depreciation and other operating expenses associated with such infrastructure);
- Commence construction by 31 December 2017;
- Lead to additional employment and maximise the use of local contractors during the construction phase, consistent with the South Australian Industry Participation Policy;
- Use Australian certified steel products;
- Have a GST exclusive cost of at least \$1 million. This amount may comprise, for example:
  - a single project/program (e.g. a library, a single road segment);
  - a group of different but related projects (e.g. redevelopment of community facilities clustered in a single location);
  - a group of projects of a similar nature that can be packaged as a single program (e.g. small road projects in different sites within the local government area which require major periodic renewal).

In recognition of the practical difficulties faced by small regional councils in isolated areas, consideration will be given, on a case by case basis, to applications by those councils for projects with a GST exclusive cost of less than \$1 million. Without ruling out assistance for other small regional councils, it is anticipated that this concession would be available only for small regional councils with an estimated resident population of less than 3000 and rate revenue in 2016-17 of less than \$4 million.

While there is no maximum project size, depending on the level of application, the Treasurer and LGA President may decline a project, seek "staging" of a project or offer a lower grant to ensure more councils are able to participate in the program.

## Councils must demonstrate:

- that the proposed infrastructure project will provide identified employment benefits;
- that the project expenditure will be in addition to existing expenditure plans and there is no offsetting reduction in planned other capital expenditure in 2017-18 and 2018-19; and
- that the council has the necessary resources, project management expertise, internal controls and administrative capacity to deliver the project and maintain and renew the asset once it is complete.

## Eligible projects (desirable criteria):

Preference will be given to projects that:

- Offer employment opportunities, particularly in areas of high unemployment
- Are demonstrated to align with State Government priorities including:
  - South Australia's Strategic Plan [<http://saplan.org.au/>];
  - Ten Economic Priorities [<http://economic.priorities.sa.gov.au/home>];
  - Planning Strategy for South Australia [<https://www.sa.gov.au/topics/property-and-land/planning-and-land-management/about-the-planning-strategy-for-south-australia>];
  - Strategic Infrastructure Plan for South Australia (SIPSA) [[http://www.infrastructure.sa.gov.au/strategic\\_infrastructure\\_plan/sa\\_strategic\\_infrastructure\\_plan](http://www.infrastructure.sa.gov.au/strategic_infrastructure_plan/sa_strategic_infrastructure_plan)];
  - Integrated Transport and Land Use Plan (ITLUP) [<http://www.transportplan.sa.gov.au/>]
- Provide mitigation against the impacts of major events such as floods and storms;
- Have strong community support;
- Provide ongoing economic, social or environmental benefit beyond the initial construction phase;
- Are able to start earliest.

## Ineligible projects:

The following types of infrastructure projects **will not be eligible** for Partnership support:

- Projects that are for routine asset maintenance;
- Projects relating to council administrative premises (projects related to co-located community facilities such as a library located with administrative premises are allowed);
- Projects that are included in a council's 2016-17 budget;
- Projects that have already commenced or are scheduled to substantially commence before 30 June 2019;
- Projects which largely result in commercial profits to private parties (e.g. construction of a retail shopping centre). This does not rule out projects which will cover costs through user charges but are for community benefit rather than commercial profit making purposes.
- ICT projects (unless an integral part of a larger infrastructure proposal).

## Assessment and Approval

The Department of Planning, Transport and Infrastructure (DPTI) will assess applications against the specified eligibility criteria. DPTI may contact applicants' nominated contact officers for clarification on aspects of their submissions. Applicants will be expected to provide a response in writing, or a copy of any additional documentation requested DPTI within a specified number of days.

Final decisions as to which projects will be supported through the program will be made jointly by the President of the Local Government Association, the Treasurer and the Minister for Local Government ("Approving Authority").

Applicants will be notified of final decisions by 31 March 2017.

The grant will be provided to successful Councils by the Local Government Finance Authority (LGFA). To access the grant funding, successful applicants will be required to sign a Funding Agreement with the LGFA (irrespective of whether or not they borrow funds with the LGFA) stipulating obligations of the applicant and the conditions under which assistance is given.

The Approving Authority is not obliged to approve any application.

The Approving Authority may consider or accept (at the Approving Authority's sole discretion) any application including without limitation a late application or the application of a council who has failed to submit an application in accordance with these guidelines.

No approval of an application, nor any notification to a council that its application is successful, nor any invitation to negotiate will be effective to constitute a contract or to create any legitimate expectation on the part of the application unless a formal written contract is executed by both parties.

Where a proposed project/program is to be implemented by two or more councils, each participating council will sign a Funding Agreement.

## Other

### Co-funding

Projects involving other State/Commonwealth grant funding or private funding may be considered for funding as part of this agreement. Where projects involve funding beyond this program:

Other funding must be fully approved and be available on the proposed “bring forward” timeframe at the time of application;

The grant under the program will be available as a proportion of the council(s) contribution, not the total project cost;

The project commencement timeframes must be brought forward by at least 2 years as a result of funding under this program.

### Acquittal

Council external auditors and respective CEOs will be required to provide a statement certifying that all funds have been expended in accordance with these guidelines (to be reflected in the funding agreement between council and the LGFA).

### Promotion

Councils are required to invite the Treasurer and Minister for Local Government to project completion/opening events and to document projects in liaison with the LGA.

# Application process

## Key dates

Early registration (not compulsory)	23 December 2016
Application closing date	28 February 2017
Applicants notified of decision	31 March 2017
Project commencement date	Prior to 31 December 2017
Acquittal	As per funding agreement

## Early Registration

Early registration of a proposed project is encouraged and can be provided to the LGA online via a link from [www.lga.sa.gov.au/infrastructurepartnership](http://www.lga.sa.gov.au/infrastructurepartnership) by 23 December 2016.

Early registration is not compulsory but will assist in program administration.

The Local Government Association is considering various types and levels of support for Councils to help ensure maximum take-up of the State funding. It expects to conduct a briefing session, provide a business case template, a dedicated contact person and is considering ways of providing consultancy support for those Councils which may need assistance in preparing a business case/application. Further information regarding these supports will be provided via LGA Circular and at [www.lga.ga.gov.au/infrastructurepartnership](http://www.lga.ga.gov.au/infrastructurepartnership).

Enquiries can be made by contacting Patricia Coonan on 0408801026 or [slqip@lga.sa.gov.au](mailto:slqip@lga.sa.gov.au).

## Applications

Councils are invited to submit projects via an online form which will be linked soon from the LGA web page: [www.lga.sa.gov.au/infrastructurepartnership](http://www.lga.sa.gov.au/infrastructurepartnership).

Applications must be submitted by 28 February 2017

## What to submit

Applicants must provide the following information to be considered for support:

- name of council
- contact details for the authorised person who will act as the nominated contact for the application and from whom more information or clarification about the application can be sought, if required;
- evidence that the council is committed to operating in a financially sustainable manner and has adopted a Long-term Financial Plan (supported by an Infrastructure and Asset Management Plan) which demonstrates that, on average over time, the council's annual operating expenses are expected to be less than or equal to its operating revenue;
- evidence that the council understands and is comfortable with its projected levels of indebtedness resulting from the project and that those levels are within target ranges established by the council as part of ensuring the council's long-term financial sustainability;
- evidence that the proposed project expenditure will be in addition to existing expenditure plans (i.e. that there will be a gross increase in capital expenditure due to Partnership support); as well as demonstrating the sustainable impact of the grant related project (with proposed resourcing commitments clearly identified).
- a business case for the proposed project, including:
  - details of the nature, location, type, scale of infrastructure project/program; and the target beneficiaries;
  - evidence of how the proposed infrastructure project will directly meet service needs in the local government area or provide economic development opportunities;
  - cashflow projections for the construction and operation phase and supporting documentation (such as quotes from suitably qualified contractor/s or design consultants)
  - details of project/program financing, including information regarding the availability of borrowings or internal council financing for the project, as well as other sources of financing (including other government grants or private contributions)
  - evidence of the applicant's capacity to meet the ongoing additional costs associated with any new/upgraded infrastructure (i.e. maintenance, depreciation and other operating expenses associated with the infrastructure)
  - evidence that the council has the necessary resources, project management expertise, internal controls and administrative capacity to deliver the project and maintain and renew the asset once it is complete
- a project delivery timetable, including provision for necessary approvals and market approach (if applicable). Timeline to demonstrate that project construction will commence by 31 December 2017;
- Estimates of direct additional employment generated over the life of the construction, and any estimates (where relevant) of jobs created from the asset in use once completed;
- An undertaking to use Australian certified steel products;
- Identify any additional ongoing employment supported by the project

- Demonstrate consistency with the SA Industry Participation Policy, including:
- Providing an undertaking to maximise the use of local contractors during the construction phase; and
  - Addressing the following:
    - How the project will maximise employment for South Australian residents
    - How the project will deliver contract and sub-contract opportunities for locally based businesses
    - How the project will incorporate these outcomes in the tendering stage should the funding be approved for the project?
- Where two or more councils are jointly applying, documentation supporting the agreed financing contributions of each council;
- Any other supporting project preparation documentation (e.g. cost-benefit analysis, project scoping, options studies, design and other relevant work) demonstrating compliance with the eligibility criteria.

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