

# State Local Government Infrastructure Partnership

**Final Report and Evaluation**

September 2021

## Table of contents

<b>Introduction .....</b>	<b>3</b>
<b>The SLGIP Model.....</b>	<b>4</b>
<b>Projects overview.....</b>	<b>5</b>
<b>Job Creation .....</b>	<b>6</b>
<b>Successes and learnings .....</b>	<b>7</b>
<b>Appendix A – SLGIP Eligibility Criteria .....</b>	<b>10</b>
<b>Appendix B – SLGIP Projects.....</b>	<b>2</b>

## Introduction

The State Local Government Infrastructure Partnership (SLGIP) was established in 2017 to enable councils to bring forward investment in approved infrastructure projects as a means of creating jobs and accelerating spending on community infrastructure.

The partnership resulted in the distribution of State Government grants of \$24.1 million, with councils agreeing to undertake projects totalling \$131.9 million.

Thirty-two projects were approved under the partnership, with 28 councils participating. Each participating council entered into an agreement with the LGA with all projects commencing by 31 December 2017 and to be completed by June 2020. All but five of the SLGIP projects were completed by the required timeframe, and the remaining five projects were finalised in the 2020/21 financial year.

The purpose of this report is to provide an overview of what was achieved by the SLGIP, and an evaluation of its impact and effectiveness against its original objectives. This report was prepared by the LGA and has been informed by a review of the SLGIP documentation and reports<sup>1</sup>, and interviews with representatives of the following project partners:

- Three participating councils – two metropolitan, one regional
- State Government – Department of Treasury and Finance
- Local Government Finance Authority - CEO
- Local Government Association – Director Corporate Services and Acting CEO.



*Example project: Loxton Sporting Centre Precinct, District Council of Loxton Waikerie*

<sup>1</sup> Documents reviewed included the SLGIP Funding Deed, SLGIP Funding Guidelines, and various SLGIP quarterly and annual reports.

## The SLGIP Model

The SLGIP had a unique funding and delivery model which involved:

- The LGA seeking finance from Local Government Finance Authority (LGFA) for the value of the program (\$24.1 million), with the State Government committing to repay this finance over a ten year period;
- The LGA using the finance to provide grants to councils for eligible projects, with grants available for up to 20% of the cost of eligible projects, with councils to finance the remaining 80% either through their own reserves or borrowings;
- The LGA being responsible for the grant management, with councils providing quarterly updates, and the LGA providing quarterly and annual reporting to the State Government;
- The LGFA offering finance, for a ten year period, for any council borrowings on SLGIP projects at its cost of funds (inclusive of State guarantee fee) plus a 0.2 percentage point margin.

The key elements of the SLGIP's governance and administration arrangements were documented in a Funding Deed signed by the Treasurer and LGA President on 22 June 2017. The LGA also entered into Funding Agreements with each participating council.

Key aspects of the eligibility criteria were the need for projects to have been pre-identified in councils' Asset Management and Long term Financial Plans, the ability for these projects to be fast-tracked and commence by December 2017 and for the projects to result in job creation. **Appendix A** contains the SLGIP Eligibility Criteria in full. The assessment of eligible projects against this criteria was undertaken by a panel comprising a number of State Government representatives, and one representative of the LGA, with the Treasurer, Minister for Local Government and LGA President responsible for final approval.



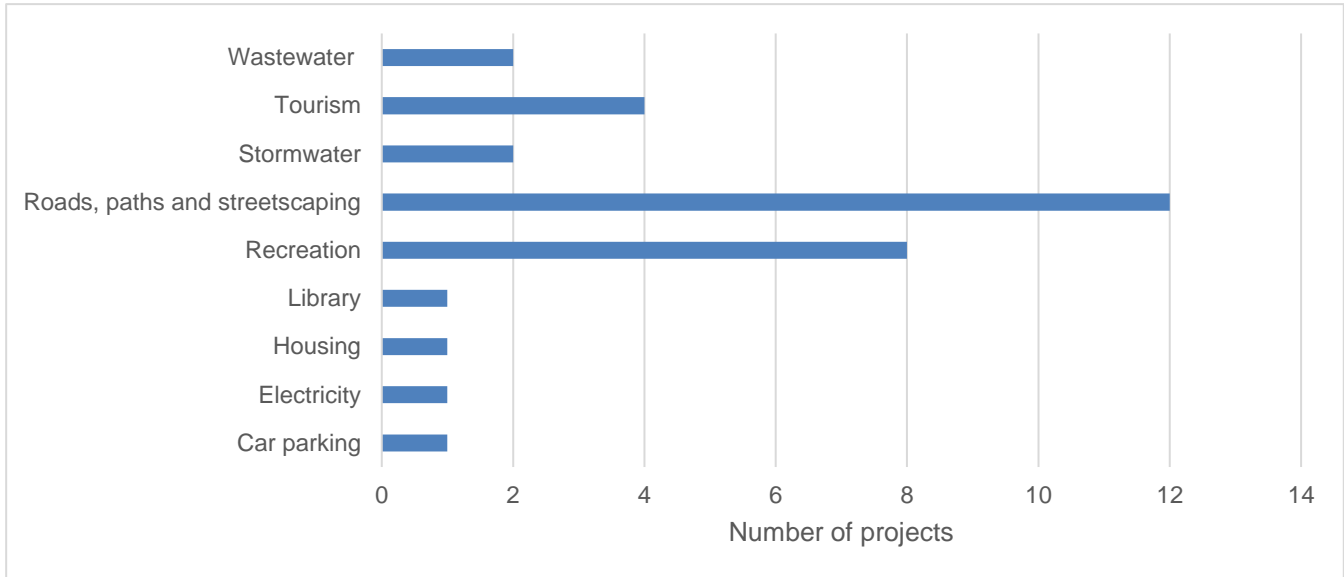
*Example project: Taperoo Reserve Update, City of Port Adelaide Enfield*



## Projects overview

32 projects were approved under the partnership, with 28 councils participating. Projects were wide-ranging, with the 12 projects associated with roads, paths and streetscaping upgrades, and eight projects focused on recreational facilities and open space. Councils also used the funding to bring forward tourism, stormwater and wastewater projects. Figure 1 provides an overview of the projects, with the full listing of the projects provided in **Appendix B**.

Figure 1: Overview of SLGIP projects by theme.



The community benefit from these projects is wide-ranging and includes:

- Improved road safety
- Increased opportunities for walking, cycling and recreation
- Delivery of DDA compliant footpaths and streetscapes, underpinning community access for all
- Reduced risk of localised flooding
- Improved destinations and facilities for tourists
- New and improved facilities for sporting groups.

Across all projects, the underlying benefit is that community infrastructure was provided or upgraded years earlier than otherwise would have occurred.

In terms of dollar value, the largest grant was provided to the City of Port Adelaide Enfield for the Lightsview Indoor Sports and Recreation Hub (\$3.6M), followed by \$3.016M granted to the Light Regional Council for their Accelerated Infrastructure Upgrade Project. Playford, West Torrens, Mitcham and Mount Barker councils all received SLGIP grants in excess of \$1M.

The average (mean) grant value was \$614,203, while the median was \$310,960, indicating that there were a relatively large number of small value projects. This data does not include the one discontinued project with a grant value of \$5.043M.

## Job Creation

A key objective of the SLGIP was to create jobs and simulate economic activity by encouraging councils to accelerate and bring forward community infrastructure projects.

Grant recipients were required to report to the LGA quarterly on the number of working days for contractors and council staff associated with project delivery.

**The partnership delivered 113,550 working days equating to the overall employment of 145 FTE staff in the period between 1 July 2017 and 30 June 2020.**



*Example project: Quorn Skate Park, The Flinders Ranges Council*

## Successes and learnings

### SLGIP achieved its core objectives

It is clear that the SLGIP achieved its core objective of creating jobs by supporting councils to bring forward community infrastructure projects.

The partnership directly created the equivalent of 145 jobs over a three year period, and in the process, saw delivery and renewal of community infrastructure fast-tracked across the state.

The program represents an excellent return on the State Government investment, in that the \$24.1 million of grant funding was effectively leveraged by councils to deliver projects totalling \$131.9 million. This was identified by stakeholders interviewed as an effective vehicle for the State Government to stimulate the economy by partnering with local government.

Moreover, the model effectively incentivised councils to increase their borrowing to co-fund the projects, and in the process, increased the sector's understanding of the responsible use of debt.

While all of the funded projects were 'on the books' for the participating councils, the grant funding saw these projects delivered many years sooner than otherwise would have been the case, meaning that communities receive the benefit of new and improved community infrastructure.



*Example project: Mt Allen Road Bridge Replacement, Light Regional Council*

### Funding partnership greatly valued

The high level of interest from councils in the SLGIP demonstrates the value that councils placed on the funding opportunity. The councils interviewed through this review expressed their appreciation for the grant funding opportunity, as without this funding, it simply would not have been possible to deliver the projects.

This demonstrates the value that the local government sector places on partnering with government to deliver much needed community infrastructure. As one council interviewee commented:

“It really is a case of build it and they will come.... The funding has allowed us to upgrade our community facilities years earlier that we had planned to, and we've seen exponential use by both sporting clubs and local residents”.



The role of the LGFA in the partnership was also identified as a strength, with both the State Government and councils valuing the way in which the LGFA was able to offer a low interest and low-risk financing product for councils.

The funding model itself, whereby the LGA sought finance from the LGFA, the State Government repaying this loan over a ten year period, and the LGA responsible for the grant administration with councils was identified by stakeholders as being somewhat complicated and with “lots of moving parts”. However, it was generally accepted that this model met the needs of the project partners at the time and allowed the SLGIP to get off the ground.

### **Built capacity in local government sector**

An unintended benefit of the SLGIP has been the way it has strengthened the local government sector’s capacity with regard to accessing grant funding to accelerate infrastructure renewal.

For example, one of the councils interviewed explained that the SLGIP process helped build the council’s project management capability such that they now better understand what it means to have ‘shovel ready’ project proposals. For this council, the increased capability has meant that they have been able to make the most of more recent infrastructure funding opportunities.

The LGFA noted that the SLGIP has helped the local government sector to better understand debt financing for infrastructure renewal, and supports ongoing efforts to strengthen the maturity of local government with regard to financial sustainability and responsible borrowing.



*Example project: Mitcham Library and Brownhill Creek redevelopment, City of Mitcham*

### **LGA’s role was valued**

All stakeholders interviewed indicated that the LGA’s role in the SLGIP was highly valued. The State Government partners noted that the LGA brought an important understanding of the needs, priorities and capacities of the local government sector, and this was instrumental in the evaluation process. The councils interviewed expressed that strong existing relationship between the LGA and its member councils meant that the communication channels were always open, which was important given the requirement of regular reporting.



## Opportunities to streamline grant administration

Stakeholders had mixed reviews with regards to the LGA's efficacy with administering the grants. On one hand, it was noted that the LGA kept the reporting processes simple and pragmatic, and maintained contact with grant recipients. As one of the council interviewees put it, "it was one of the easier grant programs to deal with".

On the other hand, it was noted that the reports from the LGA to State Government were sometimes delayed, and the processes for handling extension requests were a little cumbersome. One of the councils interviewed reported that it took months to gain an extension approval, and felt that the LGA's role in being the conduit between State Government and the council added unnecessary bureaucracy. It was also expressed that the reporting form was hard to work with, although it was noted that the LGA has now moved all of its grants to the online system SmartyGrants which should improve this in the future.

Differing views were also expressed with regard to the frequency of reporting. All stakeholders interviewed expressed an appreciation of the importance of the jobs data and the power of the aggregate data to demonstrate the benefit of the SLGIP as a whole. For some councils, the process was straightforward, while others found it onerous to capture and produce this information on a quarterly basis. One council interviewee commented that the frequency of reporting was not commensurate with the overall size of the grant, or the fact that the grant only accounted for 20% of the total project value.

## Discontinued project was a missed opportunity

The Berri Solar Power Generation Facility was allocated a SLGIP grant of \$5.034M towards a \$25M project. After a series of delays, this project was discontinued, and the grant funding returned to the State Government. Stakeholders interviewed expressed disappointment about this outcome, especially given that this was the largest grant, and could have been redirected to other worthwhile projects. It was felt that the assessment process could have detected the lack of viability for this project before funding allocation was made. Additionally, it was identified that the processes governing how funds are returned in the event of a discontinued project should have been more thoroughly considered in the establishment of the SLGIP.



*Example project: Smart Road upgrade, City of Tea Tree Gully*

# Appendix A – SLGIP Eligibility Criteria

Source: SLGIP Eligibility Guidelines, LGA, December 2016

## 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).

## Appendix B – SLGIP Projects

Council Name	Project Name	Approved Total Project	Approved SLGIP	Project Commencement	Completion Date
Barossa	Our Better Barossa Connection Project	\$3,200,000	\$640,000	18/10/2017	31/07/2019
Berri Barmera	Berri Solar Power Generation Facility	\$25,170,000	\$5,034,000	1/06/2017	<b>Discontinued</b>
Campbelltown	River Torrens Linear Park shared path upgrade	\$1,800,000	\$187,500	2/10/2017	01/10/2020
Charles Sturt	Pathways to Prosperity	\$1,000,000	\$200,000	3/07/2017	29/06/2018
Cleve	Cleve accommodation	\$600,000	\$120,000	18/12/2017	7/09/2018
Coorong	Meningie Stormwater Infrastructure Upgrade	\$2,000,000	\$280,000	02/06/2017	01/02/2018
Copper Coast	Walleroo North Beach Tourist Park redevelopment	\$3,100,000	\$620,000	1/10/2017	31/12/2018
Copper Coast	Education precinct and connectivity upgrade	\$1,400,000	\$280,000	1/10/2017	31/03/2019
Flinders Ranges	Quorn Skate Park	\$320,000	\$64,000	1/10/2017	6/08/2018
Franklin Harbour	Cowell – Sea Gateway to the Eyre Peninsula	\$2,715,000	\$543,000	4/12/2017	30/04/2021
Kangaroo Island	Kingscote CWMS Rising Main C Upgrade	\$1,600,000	\$320,000	13/12/2017	23/04/2020
Kimba	Independent & Affordable Aged Accommodation	\$385,361	\$77,072	7/08/2017	28/06/2019
Light	Accelerated Infrastructure Upgrade Program – Tourist Towns	\$15,080,431	\$3,016,086	04/10/2017	30/06/2020
Loxton Waikerie	Loxton Sporting Centre Precinct	\$10,061,954	\$351,305	6/11/2017	28/02/2020
Marion	Marion Coastal Walkway Improvement Program	\$1,000,000	\$200,000	19/12/2017	10/07/2018
Mid Murray	Better Roads For Growth – Eudunda Road upgrade project	\$1,790,000	\$358,000	28/09/2017	1/03/2020

Mitcham	Mitcham Library and Brown Hill Creek Precinct Development	\$7,132,000	\$1,090,000	7/12/2017	29/04/2019
Mount Barker	Environmental Services Centre and Community Volunteer Hub, Mount Barker	\$5,000,000	\$1,000,000	14/11/2017	8/11/2019
Mount Barker	Littlehampton Effluent Gravity Trunk main upgrade stages 4 & 5	\$1,554,800	\$310,960	18/12/2017	20/05/2019
Mount Remarkable	Developing the Bluff Lookout	\$556,000	\$112,000	26/02/2018	30/06/2021
Norwood Payneham & St Peters	Drainage program	\$1,000,000	\$200,000	10/12/2017	28/06/2018
Onkaparinga	Christie Downs infrastructure project – shared use trail and streetscape upgrade	\$1,000,000	\$200,000	23/10/2017	31/12/2018
Playford	Playford CBD Project Multi-deck car park	\$7,424,000	\$1,484,800	14/12/2017	01/11/2018
Port Adelaide Enfield	Lightsview Indoor Sports and Recreation Hub	\$18,000,000	\$3,600,000	20/12/2017	31/01/2019
Port Adelaide Enfield	Community Facilities Improvement Program	\$3,165,000	\$633,000	20/12/2017	07/07/2019
Prospect	Alexandra Street Road Reconstruction	\$1,005,000	\$201,000	18/12/2017	13/07/2018
Tea Tree Gully	Modbury Precinct Main Roads and Gateways	\$3,995,821	\$799,164	17/12/2017	30/06/2020
Tea Tree Gully	2020 Sports Facility Expansion Program	\$2,171,660	\$434,332	20/12/2017	13/11/2020
Tumby Bay	Tumby Bay Foreshore Shared Use Recreation Trail	\$165,000	\$18,077	9/08/2017	30/06/2018
West Torrens	Weigall Oval Master Plan Upgrade	\$6,033,000	\$1,200,000	11/12/2017	02/02/2021
Wudinna	Wudinna Eyre Highway Upgrade	\$1,000,000	\$200,000	21/12/2017	1/12/2019
Yorke Peninsula	Main Township Footpath Replacement Programme	\$1,500,000	\$300,000	13/12/2017	4/03/2020
<b>Total</b>		<b>\$131,925,027</b>	<b>\$24,074,296</b>		



148 Frome St  
Adelaide SA 5000  
GPO Box 2693  
Adelaide SA 5001  
T (08) 8224 2000  
E [lgasa@lga.sa.gov.au](mailto:lgasa@lga.sa.gov.au)

[www.lga.sa.gov.au](http://www.lga.sa.gov.au)