

## 5.07. APPLICATION FOR NATIONAL STRONGER REGIONS FUNDING

**REPORT AUTHOR(S):** Paul Hoye, General Manager Operations  
**DEPARTMENT:** Operations

### RECOMMENDATION

**That Council resolves to submit an application under Round Three of the National Stronger Regions Fund for \$6,745,000 towards the construction of a new, larger water supply reservoir to service Port Douglas and surrounding areas.**

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### EXECUTIVE SUMMARY

The purpose of this report is to confirm Council's desire to apply for \$6,745,000 under Round Three of the National Stronger Regions Fund to contribute towards the construction of a high level, larger water reservoir to be constructed to meet future water supply demands for Port Douglas and surrounding areas. Council has already received \$5 million from the Queensland Government through the Building Our Regions Fund. If the NSRF application is successful Council will have to contribute \$1,745,539 to complete the project.

### BACKGROUND

Issues relating to the water supply in Port Douglas were identified over six years ago and include low water pressure, deterioration of pipes in the trunk and distribution systems and in particular insufficient water storage.

A plan to meet the future water supply needs of the Douglas Shire was done in 2010. It identified a serious water storage shortfall in Port Douglas and determined a new, larger and higher reservoir was required.

A location for the new reservoir has been identified, and at its meeting on 6 March 2015, Council resolved to purchase the site off Ferrero Road, Craiglie being part of Lot 8 on RP891300. This purchase has now been completed and an application for Material Change of Use has been approved.

Preliminary designs and costs have been completed and the project is estimated to cost \$13.5 million excluding GST. The main components are:

- A 20 ML reservoir sited above the 53m elevation contour AHD
- Dedicated inlet & outlet mains each being 2.5 km in length
- Access road of 0.64 km

Tender documents are ready to go to market and include:

- Concept Design Report;
- Preliminary Design Report and Preliminary Design Drawings;
- Detailed Design Report and Detail Design Drawings; and
- Technical documentation (technical specification, schedule of quantities and any other schedules required for tendering purposes, and cost estimates based on the schedule of quantities).

The detailed design complies with the design standards provided in the FNQROC Regional Development Manual, NRW Guidelines for Water and Sewerage, Workplace Health and Safety requirements and related Australian Standards.

The reservoir is Council's highest priority in terms of major infrastructure and without State or Federal government funding construction will be difficult to fund.

Council lodged and was successful in a Queensland Government Building Our Regions Fund round and will receive a grant of \$5 million for construction of the reservoir.

## **COMMENT**

The building of the new reservoir on the land purchased off Ferrero Road, Craiglie is an integral part of Council's water security plan for the Port Douglas area. Council's ability to meet current and future demand, allow for continued growth in Port Douglas and reduce operational costs is reliant, in part, on the completion of the reservoir. The reservoir will be gravity fed and allow for gravity feeding of water into Port Douglas significantly reducing Council's operational costs and carbon footprint by removing the reliance on water pumped from the existing reservoir.

The purpose of this report and the recommendation is to confirm the new Council's commitment to the project and seek further funding through the National Stronger Regions Fund.

## **PROPOSAL**

All local governments and not for profits are eligible to apply for funding under the National Stronger Regions Fund.

Funding is only available for infrastructure projects which would be ready to start construction by 30 September 2016 and completed by December 2019. Councils can apply for more two projects. Eligible projects include community infrastructure including water infrastructure. The Port Douglas Water Supply Reservoir is the sole project proposed for this round of funding.

The deadline for applications was 15 March 2016, with the announcement of funded projects anticipated in June 2016. As this was during the Caretaker period prior to the local government elections, confirmation of the incoming Council's support for the grant application and its agreement to a co-contribution of \$1,745,539 is required.

## **FINANCIAL/RESOURCE IMPLICATIONS**

If selected as one of the projects to be funded, Council will then need to resolve to enter into an agreement with the Federal Government to deliver the project. If that occurs, Council's contribution is estimated at \$1,745,539 in addition to the \$5 million received through the Building Our Regions fund.

## **RISK MANAGEMENT IMPLICATIONS**

Douglas Shire Council commissioned Bligh Tanner to prepare a Drinking Water Quality Management Plan for the Shire. It is a public health based risk management plan that meets the requirements of the Australian Drinking Water Guidelines 2011 and the Water Supply (Safety and Reliability) Act 2008.

The Plan describes the Mossman/Port Douglas, Whyanbeel and Daintree drinking water schemes operated by Council from catchment to tap.

Through this risk assessment process, a number of risks to Council's drinking water schemes have been identified.

One of the critical items identified was a shortfall in water supply for the Port Douglas area with the rated the risk of demand exceeding supply in the Mossman-Port Douglas Water Supply as **Catastrophic** – defined as potential acute health impact, significant community illness (>4 people) expected. (Refer DSC's Drinking Water Quality Management Plan - Table 34 Risk Management Improvement Items – p.59).

## SUSTAINABILITY IMPLICATIONS

**Economic:** There are a number of developments proposed or underway in Port Douglas and the surrounding areas including a caravan park, 37 additional marina berths, 229 residential lots and 17 industrial lots. In addition the Sheraton Mirage has commenced a \$40 million upgrade including refurbishment of 294 hotel suites and upgrading of the renowned mega-pool. The Sheraton is also proposing a \$200 million development of their land including a new convention centre. This resort alone uses 17.3% of the current reservoir's capacity every day.

The importance of Council providing complementary upgrades in infrastructure to match tourism development cannot be understated.

The proposed reservoir will also significantly reduce Council's power costs associated with the current need to pump from the Craiglie reservoir.

**Environmental:** The proposed reservoir will significantly reduce Council's power usage and the generation of greenhouse gas through moving from a pumping delivery to a gravity delivery of the water. The reduction in CO2 emissions is estimated at 416 tonnes per year.

**Social:** Continuity of water supply to the Port Douglas and Craiglie communities is an essential service.

## CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

### Corporate Plan 2014-2019 Initiatives:

#### Theme 2 - Building a Sustainable Economic Base

*2.1.2 - Investigate options, resources, development and implementation of additional water infrastructure including a new reservoir.*

## COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

<b>Asset-Owner</b>	Meeting the responsibilities associated with owning or being the custodian of assets such as infrastructure.
<b>Fully-Responsible</b>	Delivering a program or activity for another organisation (usually another level of government).
<b>Regulator</b>	Meeting the responsibilities associated with regulating activities through legislation or local law.

## CONSULTATION

**Internal:** Nil

**External:** Consultation has occurred with the Department of State Development's Senior Economic Development Officer, Regional Services who has reviewed a draft application and provided advice.

Others consulted include Tourism Port Douglas Daintree, Douglas Chamber of Commerce, Regional Development Australia FNQ & Torres Straits Inc. and The Fullshare Group, all of which have provided a letter of support to Council to accompany the application.