



Restart NSW Resources for Regions 2014 - 2015

Expression of Interest

PLEASE COMPLETE THIS APPLICATION FORM AND ATTACH RELEVANT DOCUMENTS

Applicant Organisation

Wollongong City Council

ABN

63 139 525 939

Postal Address

Locked Bag 8821
WOLLONGONG DC NSW 2500

Contact Person

Position

Telephone No.

Mobile No.

Email Address

Description of Project

What is the proposed infrastructure project?

Mt Keira Summit Park Upgrade and Mt Keira Pass Upgrade – Stages 2, 3 & 4

Design and construction of infrastructure to enable redevelopment of the Mt Keira Summit Park to provide contemporary and resilient facilities, including a major kiosk and dining facility, for tourist and local visitors in line with the vision of Destination Wollongong for supporting and growing the tourism sector of the Illawarra economy:

1. Replacement high voltage power connection to Mt Keira Summit Park, connection to the telecommunications tower and low voltage connections to the existing amenities and future kiosk site and proposed mini-kiosk site
2. Replacement potable water connection to Mt Keira Summit Park including connection to existing facilities and storage for fire fighting
3. Construction of a new mini-kiosk facility to re-introduce the site to the region and bicycle parking facility (See Attachment 1)
4. Master planning of the Summit Park to define the appropriate location of the new major kiosk/dining facility and related services

Project Address

Where is the project to be located?

Is the applicant the owner of the land or the manager of the asset?

Mount Keira Summit Park
Queen Elizabeth Drive MOUNT KEIRA NSW 2500
Lot 1 DP 875991

The site is owned by Wollongong City Council

Project Timeline

(please provide the proposed start and end dates for your project)

Start 31 / March / 2015

End 30 / June / 2017

Estimated total cost of the infrastructure

Funding requested (\$) from Resources for Regions and details of any other proposed funding contributions: (include name, contribution amounts and whether contributors are confirmed or prospective)

Mt Keira Summit Park Upgrade and Mt Keira Pass Upgrade:

Stage 1 Mt Keira Road stabilisation: Total estimated costs \$2,317,500 Funding \$2,317,500 by WCC – confirmed

Stage 2 Mt Keira Summit Park Power & Water connections: Total estimated costs \$3,483,240 Funding \$461,300 by WCC – confirmed

Stage 3 Mt Keira Summit Park Upgrade: Total estimated costs \$372,700 Funding \$50,000 by WCC – confirmed

Stage 4 Mt Keira Summit Park Facilities upgrade: Total estimated costs \$227,500. No other funding

Stage 5# Mt Keira Summit Park Upgrade - new kiosk and dining facility: Total estimated costs \$2,814,000. No funding at this time

Total Estimated costs \$9,214,940

Total current funding \$2,828,800

Funding Requested under Resources for Regions \$3,572,140

Please see Attachment 2 in the supporting information attached to the e-mail for more details

No funding requested or sought at this time. Development to be the subject of a Council led Expression of Interest process upon delivery of all enabling infrastructure

PLEASE PROVIDE PROJECT DETAILS RELEVANT TO ASSESSMENT CRITERIA

1 STRATEGIC ASSESSMENT:

Consistency with objectives of the Restart NSW Fund Act and the NSW Government's Response to the 2013 Economic Assessment of Mining Affected Communities, alignment with NSW Government priorities (NSW 2012 Plan and State Infrastructure Strategy (www.2021.nsw.gov.au) and the LGA's Community Strategic Plans.

The Mt Keira Summit project is consistent with the objectives of the following plans and/or strategies:

RESTART NSW FUND/ RESOURCES FOR REGIONS - The purpose of the Fund is to improve economic growth and productivity in the State and for that purpose to fund infrastructure projects that will improve:

- **Roads:-** the project includes the reconstruction of a closed section of Mt Keira Road as well as embankment, cliff stabilisation and drainage works to enable the re-opening of Mt Keira Road
- **Infrastructure required for the economic competitiveness of the State:-** provides additional tourism infrastructure to support and enhance the Illawarra as a destination for inter-regional, inter-state visitors to broaden collective state attractiveness for overseas visitors.

Delivery of the enabling infrastructure will provide the opportunity to progress towards the delivery of the larger Mt Keira Adventure Playground project which will result in greater visitation and resultant economic growth and productivity in NSW

- **Local infrastructure in regional areas that are affected by mining operations:-** the Wollongong area is a Tier 4 location under the 2013 Assessment of Mining Affected Communities that bears direct and indirect impacts on infrastructure and services from current and previous mining activity.

NSW GOVERNMENT'S RESPONSE TO 2013 ASSESSMENT OF MINING AFFECTED COMMUNITIES

The Mt Keira Summit project will deliver improved infrastructure as well as social and recreation opportunities, access to natural areas in the region and immediate area that is directly; and indirectly impacted by current and former mining activity:-

- Funding the replacement of the now failed power connection to the site, originally provided by the adjacent coal mining company (Australian Iron & Steel Co now BHPBilliton/Illawarra Coal)
- Reconstruction of currently closed former State Road (MR186) Mt Keira Road that was handed over to Council in 1996 following the closure of the Mt Keira Mine and the resulting reduction coal transport by road, without ongoing financial support (currently closed due to major slope and cliff instability issues)
- Slowing population and economic growth in the City of Wollongong due to the contraction of the mining and manufacturing sectors, with the resultant decrease in income growth for Council that is necessary for funding the replacement of degrading infrastructure across the City
- Improved access to natural areas as well as recreation and social opportunities
- Improved recreation and social infrastructure
- Improved resilience of emergency services communications facility (servicing the Ambulance, State Emergency services, Rural Fire Services, NSW Fire Brigades, NSW Telco Authority, Australian Customs, a range of telecommunication providers and Government telecommunication facilities)
- Improved fire fighting capacity to protect built assets within the Summit Park and adjacent natural areas including the Illawarra Escarpment State Conservation Area
- **Infrastructure Stress** - the primary assets under the project were previously funded by either the State Government or local coal mining entities and have been ceded to Council as they no longer provide return from mining. The expenses facing Council are a direct result of the lack of funding applied by the previous owners and the handing over of unfunded liabilities without offsetting revenue

For additional information on the mining related impacts and the relationship to the Mt Keira Summit Park project please see Attachment 3 on the EOI e-mail

NSW 2021 PLAN

This project contributes to the achievement of NSW 2021 aims to provide quality services, renovate infrastructure, restore government accountability and strengthen our local environment and community:

GOAL 1 Improve the Performance of the NSW Economy

The reactivation of the Summit Park will improve the attractiveness of the region and enable an increase in day and overnight visitation rates. This will contribute to growth of economic output for the region and NSW whilst also providing longer term investment opportunities across the tourism sector (e.g. accommodation, recreational activities, dining).

In the short-medium term, the project will deliver 5 direct jobs during the construction phases plus 27 indirect jobs. In the longer term, the project would enable the development of the Mt Keira Adventure Playground, a multi-faceted adventure based tourist facility. The concept plan includes a gondola, mountain bike precinct, native bird sanctuary, dining facilities, eco-tourism accommodation and adventure attractions (Attachment 9). The Mt Keira Adventure Playground is projected to create over 1,500 direct FTE jobs and over 270,000 visitors per year. Based on the estimated visitation, this would inject \$85m per year into the economy.

GOAL 3 Drive Economic Growth in Regional NSW –

As mentioned above, in the short-medium term the project would deliver 5 direct jobs during construction with 27 indirect jobs. In the longer term, the project could enable another 1,500 direct FTE jobs for the Mt Keira Adventure Playground project.

The project will support the delivery of priority actions under the Regional Action Plan

GOAL 10 Improve Road Safety

The project will improve the safety of Mt Keira Road and enable it to be re-opened by delivering major road reconstruction and safety upgrade works.

GOAL 11 Keep People Healthy and out of Hospital

Re-establish Mt Keira Summit Park as an attractive and well serviced location for active recreation via the numerous walking tracks as well as a site for community based site maintenance and improvement works, such as through Rotary, to contribute to reducing obesity rates.

Goal 19 Invest in critical infrastructure

Wollongong is a Tier 4 mining affected community that faces the challenges of maintaining and upgrading infrastructure to current needs with an income base that has been slowed due to the contraction in the mining and manufacturing sectors. In addition, the provision of high voltage power to the telecommunications tower will ensure the ongoing operation of a critical emergency services and operational communications network for Wollongong.

GOAL 22 Protect our Natural Environment

Increased and improved facilities will deliver increased visitation to the Summit Park and adjacent recreational opportunities in the Illawarra Escarpment State Conservation Area that will increase passive surveillance of the sites and reduce the frequency of some illegal dumping activities

Goal 24 Make it Easier for People to be Involved in their Communities

Improving access to the Summit Park and as well as the amenity which will advance the community based maintenance and improvement programs that are facilitated by Rotary and Wollongong Council. Delivery of an improved facility will reward existing efforts and encourage greater volunteer participation for ongoing works as a success story.

Goal 27 Enhance Cultural, Creative, Sporting and Recreational Opportunities.

Improved access to natural areas based recreation facilities and on site facilities and dining opportunities will increase participation in sport, recreation, arts and cultural activities. The re-opening of Mt Keira Road will also reinstate a popular recreation and training route for road cyclists on a lower traffic road.

STATE INFRASTRUCTURE STRATEGY

The Mt Keira Summit Park Upgrade project seeks to deliver similar objectives to the SIS at a finer scale than the majority of the specific actions set out in the strategy

1. Delivery and management of good infrastructure as a foundation for a successful economy – re opening a currently closed access road and removing non-serviceable assets, delivery of enabling infrastructure to allow the private sector to deliver additional services to the community and visitors along with new employment opportunities and ongoing economic activity
2. Provision of infrastructure that supports economic growth to address unacceptably high unemployment rates in the region – delivery of enabling infrastructure allow the private sector to deliver additional services to the community and visitors along with new employment opportunities. With the tourism industry having a higher youth employment rate to address the significant youth unemployment rates in the city.
3. Increasing levels of private participation - provision of enabling infrastructure to allow the private sector to provide additional facilities and services at this key site

WOLLONGONG COMMUNITY STRATEGIC PLAN – WOLLONGONG 2022

The project contributes to the delivery of several goals and objectives under Wollongong 2022 as follows:

Goal 1 We value and protect our environment

The project includes the management of bush fire risk, interface management to the adjacent Illawarra Escarpment State Conservation Area, provision of improved firefighting capabilities within the Summit Park and immediately adjacent Conservation Area, improved amenity to attract additional visitation to the remnant vegetation areas to increase community appreciation of the need for conservation and management of natural areas that can also provide economic value to the region. The project will enhance an asset that was first developed by the community in late 1950's on land formally owned by the Australian Iron & Steel Co - the operators of the Mt Keira coal mine that is located below the Summit Park. Existing site map and plaque will be restored as a part of the planned upgrade.

GOAL 2 We have an innovative and sustainable economy

The completion of the enabling infrastructure for the development of a significant kiosk/restaurant and the construction of the mini-kiosk will provide direct additional employment opportunities in the services sector as well as contributing to the broader visitation based and services sectors.

The enhancement of the tourism and active recreation area will add to the destination attributes of the region, along with Council's other tourism and recreation based projects such as the Blue Mile Project, Grand Pacific Walk and Bald Hill Reserve Upgrade projects to further increase day and overnight visitation rates in the region.

GOAL 5 We are a healthy community in a liveable city

The project will deliver improved access and utilisation of walking tracks on and around Mt Keira, end of trip/rest point facilities for cyclists to support and encourage further growth in recreation and training based cycling, provision of a dining opportunity to widen the appeal for the recreational and natural areas as well as improved public facilities and amenities to address the impacts of aged and declining infrastructure.

In addition to delivering Goals and Objectives under Wollongong 2020, Mt Keira Road and Mt Keira Summit Park have been the subject of significant community comment and demand for significant restoration works and the delivery of improved access and infrastructure. For a snap shot of the community desire for these improvements please see Attachment 2 on the EOI e-mail.

2 ECONOMIC ASSESSMENT: BENEFITS

What is the need?

Will the infrastructure project, by relieving a particular stress, repairing a deteriorating asset, or improving a service not keeping up with demand, improve economic growth and productivity in the State?

What are the expected economic benefits of the project, i.e. benefit-cost ratio.

ECONOMIC GROWTH AND PRODUCTIVITY

The Mt Keira Summit Park and Road project will deliver:

- The re-opening of Mt Keira Road that has been closed for over twelve months due to unacceptable risks to the travelling public through slow moving landslides in the supporting embankment and rock falls from the overhanging cliff face.
- Demolition of a condemned kiosk building including site remediation for the removal of asbestos
- Replacement of the high voltage power connection that services the Mt Keira emergency services telecommunications tower that has been serviced by generator only for in excess of 18 months. The power connection will also be reticulated to the existing toilet facilities, site of the future kiosk and the site of the intermediate mini-kiosk
- Replacement of potable water supply to the Summit that was previously supplied by a no-longer compliant water harvesting system
- On site storage of water with potable connection to improve fire fighting capacity on the summit and surrounds
- Improved site safety through the construction of an additional fence along the northern perimeter of the Summit Park
- Reactivation of a popular tourist location in the short term through the construction of a mini-kiosk facility
- Improved facilities for bicycle storage and rehydration as a destination or rest point for recreational and training cyclists
- A detailed site master plan that will allow the completion of the business plan for a larger dining opportunity through a site specific kiosk/restaurant and, potentially, other facilities and activities identified under the Mt Keira Adventure Playground vision produced by Destination Wollongong
- Construction of enabling infrastructure for a larger kiosk/restaurant with a consequent reduction in the individual business cost for entry
- The creation or support of 30 jobs during the remaining construction phases and 2 jobs during ongoing operations that will facilitate additional private sector investment for a larger scale kiosk/restaurant (that would deliver an estimated \$23.041 million in economic activity) as well as further "adventure" recreation activities and facilities
- Reduction in the renewal cost impact on Council's capital budget that will allow other high priority community infrastructure renewal programs to continue
- Increased range of offerings for the community as well as day trip and over night stay visitors to support and enhance the tourism sector
- Re-initiate the Mt Keira Downhill Challenge by the Australian Skateboard Racing Association. The last event being held in 2012 as an event under the International Gravity Sports Association's World Cup series and cancelled in 2013 due to the closure of Mt Keira Road

In the longer term, the project would enable the development of the Mt Keira Adventure Playground. The concept plan includes a gondola, mountain bike precinct, native bird sanctuary, dining facilities, eco-tourism accommodation and adventure attractions. Mt Keira Adventure Playground could deliver:

- Over 1,500 direct FTE jobs
- Over 270,000 visitors per year
- Based on the estimated visitation, inject over \$85m per year into the economy

ECONOMIC BENEFITS

A Benefit Cost Analysis (see Attachment 1) has been undertaken based on the REMPLAN economic analysis tool (see Attachment 4), that the project will deliver:

- Total capital costs for Stages 1 to 4: \$10,118,310
- Total direct, industrial and consumption activity generated by the project: \$12,417,000
- Net Present Value \$2,298,690
- Benefit Cost Ratio 1.23

In addition, the project and result economic activity will deliver:

- 4 additional direct jobs for the duration of the project
- A total of 30 additional or supported jobs

And a post construction legacy of:

- 1 on site FTE operating the mini-kiosk
- 1 additional indirect FTE through the increase in consumption based activity
- Direct economic activity of \$109,000
- Industrial multiplier activity of 176,000

The successful completion of the project will enable Stage 5 to commence which would deliver additional economic activity in the order of \$23.041 million and 8.5 on site FTE's and 62 FTE's across the state

The economic benefits estimated based on:

- Total capital and operational (including depreciation and maintenance) costs for Stages 1 to 4
- Total economic benefit from the grant funded components of the projects for Stages 1 to 4
- Economic activity generated by the grant funded only portion of the works as the Council proportion is already assumed to be in current economic activity
- Economic activity generated by the creation of one FTE in the mini-kiosk facility

COMMUNITY SUPPORT

In addition to the infrastructure and employment benefits of the project, the re opening of Mt Keira Road and upgrade of the Mt Keira Summit Park have been the subject of significant community interest

As an indication of the level of support for this project please see Attachments 5 and 6

Attachment 5 – Extracts from media and social media sites

Attachment 6 – Letters of support from:

- The Member for Keira, Ryan Park MP
- The General Manager of Destination Wollongong, Mr Mark Sleigh

3

AFFORDABILITY:

Describe the funding arrangements for this proposal and the applicant's affordability considerations. How will the applicant fund lifecycle costs of operation, maintenance and enhancements of this infrastructure?

Council is seeking \$3,572,140 of funding under Resources for Regions to fund the completion of Stages 2, 3 and 4 of the project for the delivery of the utility connections, demolition and remediation of the current kiosk site, new mini-kiosk and bike storage area. Council will be contributing \$ 2,828,800 towards the estimated cost of \$6,400,940 for Stages 1 to 4.

The completion of Stages 2, 3 & 4, the enabling and access infrastructure, will then allow Council to seek expressions of interest for the development of the new kiosk/restaurant building and other recreational opportunities that are identified under the master planning process under Public Private Partnership of leasing agreement. This process aims to deliver new community and visitor facilities with a lower financial burden on the Wollongong LGA and deliver additional flow on benefits to the regional economy by leveraging Council's contribution with private sector funding.

CAPITAL COSTS

As a part of the 2013-14 and 2014-15 Annual Plans Council has allocated the \$2,871,200 to complete the road works as well as the investigation and design phases for the power and water connections followed by the site master planning process

OPERATIONAL COSTS

Wollongong City Council has taken an asset based approach developing Asset and Operations Management Plans. As the works in the Mt Keira Summit Park precinct involve four asset types it is managed and funded under the following four different plans:

- Asset Management Plan – Transport, for the road, pavements and pedestrian facilities components
- Asset Management Plan – Stormwater
- Asset Management Plan – Recreation, for the landscaping
- Asset Management Plan – Buildings & Facilities

In addition to the Asset Management Plans, Council has recently undertaken a whole of organisation and service financial sustainability program, Securing Our Future. This identifies additional revenues (including a recently approved Special Rate Variation) and opportunities for savings to close the funding gap for depreciation and produce a positive operating outcome over the

next seven years.

The additional revenues and savings will ensure that funds can be allocated for programmed maintenance and renewal of the assets constructed under this project in accordance with the asset renewal schedule for each asset type.

At the completion of each stage of the project, the completed assets will be added to Council's asset inventory such that required maintenance and renewal budgets can be allocated in accordance with the Asset Management Plans.

In addition the completion of Stages 1 to 4 will:

- remove the impediments for seeking additional funding from the private sector and/or tourism funding under planned state programs to provide additional facilities in the future
- improve access and facilities for local community groups, such as Rotary, to visit the site to undertake additional vegetation maintenance and rubbish management

4 PROJECT DELIVERY:

(a) Risk Management

Describe the key project, service and financial risks for this proposal and the risk management approach.

(b) Implementation

Describe the implementation approach, including potential for partnerships, key milestones and estimated timetable.

RISK MANAGEMENT

A Project Plan and Risk Management Plan was established and implemented for Stage 1 works (cliff and embankment stabilisation and road reconstruction). This stage of the project is due for completion in early September and it is not intended to revise the current project plan for this stage.

The Risk Assessment for design phase for the High Voltage power connection is included in the high level initial Risk Assessment – see Attachment 7

The design and approval phase for all project components includes the formulation of a more detailed risk assessment as a part of the implementation project plan and includes the use of a live Risk Register.

IMPLEMENTATION

The project will be managed by Council's Project Delivery Division utilising appropriately qualified and experienced consultants and contractors for the various components and phases as outlined below:

Project Management: Wollongong Council

Construction/Contract Management: NSW Public Works

Design Coordination: Wollongong Council – Design & Technical Services

Site investigations: specialist environmental consultants including occupational hygienist
Detail design: tendered consultants

Major Works (demolition, building construction and fencing): tendered contractors

Minor Works (access management and signs): WCC day labour force

Community Consultation: Wollongong Council's Community Engagement Section supported by design consultant resources.

Partner Management: Wollongong Council's Infrastructure Strategy & Planning Division in conjunction with Destination Wollongong

Potential Partnerships: as construction designs and the master plan are developed and additional opportunities identified additional partnering opportunities will be sought including for facilities and activities identified under the Mt Keira Adventure Playground vision produced by Destination Wollongong

PROGRAM

An initial project program has been drafted – see Attachment 8

Works on Mt Keira Road and the investigation and design phases of the High Voltage Power connection and potable water connection have started; however, funding for implementation is currently unavailable without significant reductions in other community impacting program areas.

Master planning, design and construction of the demolition works and mini-kiosk as well as the construction of the power and water connections are programmed around a funding agreement under the Resources for Regions program being executed by the end of March 2015.

KEY MILESTONES

- 1 Funding Agreement - March 2015
- 2 Reopen Mt Keira Road - September 2014
- 5 Complete power connection - June 2016
- 8 Complete potable water connection - October 2016
- 9 Complete Tower security fence - September 2014
- 12 Complete kiosk demolition - June 2016
- 15 Complete construction of mini-kiosk and bike storage facility - June 2016
- 16 Establish stakeholder group for master planning - March 2015
- 17 Adoption of master plan - Jun 2017

DECLARATION

I certify that the information provided in and supporting this Expression of Interest is true and correct and that I am authorised to sign this Expression of Interest for and on behalf of the applicant organisation/company.

Signed 

Date 14 August 2014

Name David Farmer

Position General Manager

All Expressions of Interest must be endorsed and signed off by the owner of the land or the asset manager before the project will be considered.

DECLARATION

I certify that the information provided in and supporting this Expression of Interest is true and correct and that I am authorised to sign this Expression of Interest as the owner of the land or asset manager.

Signed 

Date 14 August 2014

Name David Farmer

Description of land or asset Mount Keira Summit Park
Queen Elizabeth Drive MOUNT KEIRA NSW
2500
Lot 1 DP 875991

Expressions of Interest must be lodged with Infrastructure NSW.

By mail: Infrastructure NSW
Resources for Regions
PO Box R220
Royal Exchange NSW 1225

Email: R4R@insw.com

Website: www.insw.com

Expressions of Interest must be submitted by 5pm, 15 August 2014