



Priority Projects

October 2018





Message from the Mayor

Flinders Council has identified four (4) major projects that are either critical to or will enhance the future development of the Flinders Municipality, namely:

- 1. Flinders Island Airport Runway Upgrade**
- 2. Construction of a Marine Access and Safe Harbour at Lady Barron**
- 3. Reconstruct and seal Palana Road to form the main transport backbone for Flinders Island**
- 4. Consolidation of the Flinders Island Sports and RSL Club**

Whilst these projects are not the only projects that the Council will pursue in the coming years, they are considered to be vital to our future and are the ones that are beyond the resources this Council and our Island Communities acting alone.

This brief submission highlights the strategic importance and justification for each major project and also briefly outlines a range of other projects that Council is in the process of completing or has recently completed.

Importantly, the major projects outlined in this document involve a partnership approach. It is our philosophy that Flinders is very much about self-help and not about seeking handouts. The support of the Tasmanian and Australian Governments, working in partnership with the Flinders Council to implement these projects, will ensure the realisation of significant social and economic benefits for the Island's diverse communities and improved economic sustainability for the Council.

The projects are ones that support the economic growth, social amenity, community wellbeing and future sustainability of Flinders and the surrounding islands. Delivering these projects will require the support of the State and National Governments, which in return will see the Flinders Municipality prosper, further enhancing the economic return to government.

The Flinders Council has worked diligently seeking and supporting basic infrastructure growth in the municipality over recent years and has been elated at the corresponding investment that has occurred with the upgrade of the commercial port, health infrastructure including the aged care accommodation, investment in the renewable energy hub and supply of reticulated potable water to the two main towns. The airport runway upgrade is vital to secure long-term air access to the island municipality and the other three projects will build on investments already made into the future of the Islands.

The greater the funding percentage achieved to undertake the critical Runway Upgrade program, the more ability the Council will have from a financial perspective to support the other three programs it sees as essential to island growth.

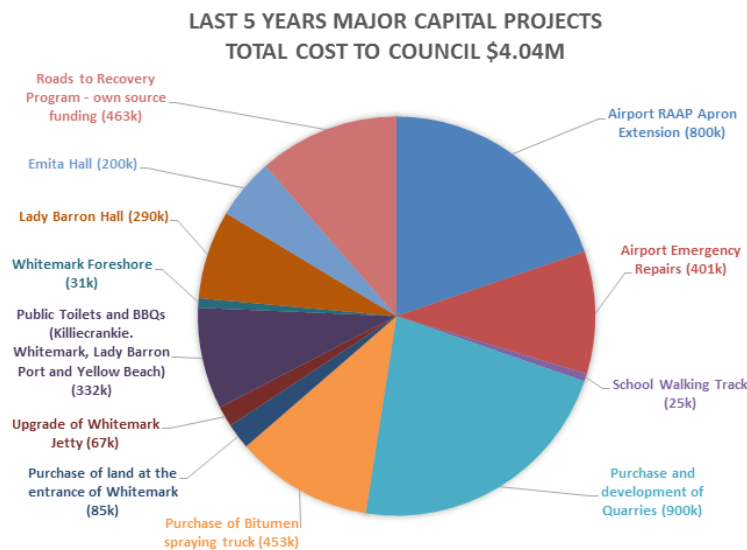
I along with my fellow councillors and staff, extend an invitation to you to join with the Council to implement our vision for the Islands; one that will secure the future of the place and its people and increase the contribution the islands make to the growth and prosperity of Tasmania and the region.

Carol Cox
MAYOR

Introduction

This brief submission highlights not just the strategic importance and justification for each major project but also outlines a range of other projects which Council is in the process of completing or has already completed.

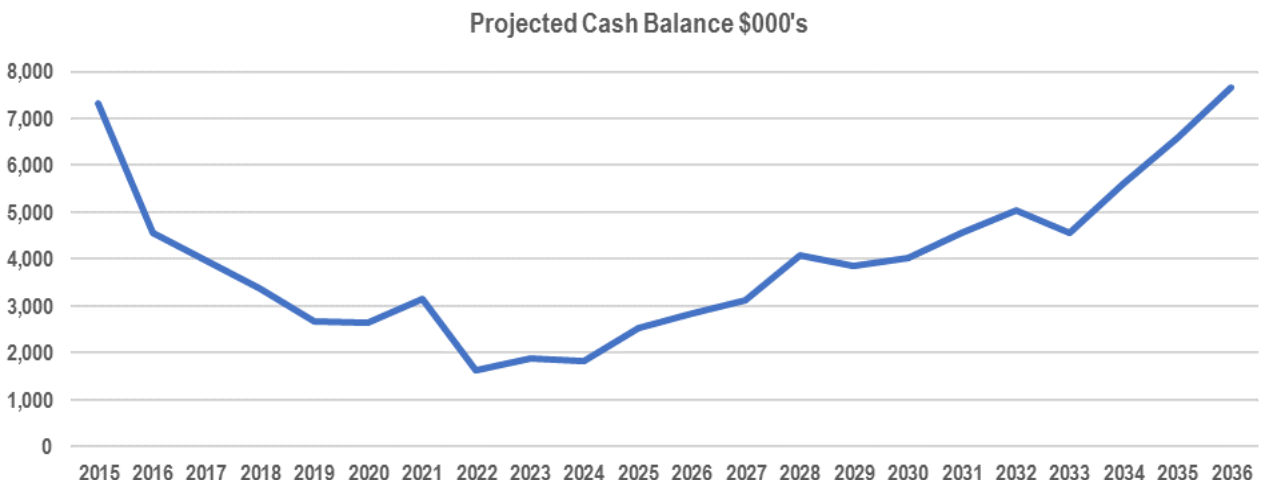
Over recent years Council has made large strides across a wide array of areas to build the capacity and fabric of the Community. In many instances, significant developments have been undertaken or are in the process of being completed involving the partnership approach that is part of our philosophy of self-help. as highlighted in the following snapshot.



In addition, Council is in the process of completing the Flinders Island and Cape Barren Island Telecomms Project.

This \$10.61m Project will be funded in part from a \$0.77m Council Contribution. It will radically transform the telecommunications on Flinders and Cape Barren Islands and the surrounding waters and bring us in line with the rest of the world.

The net result of these initiatives is that in attempting to deliver and transform the community Council's cash position has been weakened such that for the next 10 years the scope to undertake similar initiatives is significantly compromised due to Council's small size, small rate base and natural disadvantages associated with being a remote municipality of islands where is no regular marine passenger transport. Councils' cash balance projection also presumes receipt of 50% of funding for the Airport Runway Upgrade which is not guaranteed. The upgrade however is vital for the viability of public access to the municipality and will assist with the financial sustainability of the Council.



Flinders Island Airport Runway Upgrade

A Community Service Obligation for the National and State Governments.

The proposal is for the Council to continue to implement the development of the Flinders Island Airport Master Plan with specific funding assistance for the much-required reconstruction of the Airport Runway element.

BACKGROUND

The Master Plan provides Council with a long-term (20 year) planning framework for the safe, secure, efficient and sustainable use and development of the airport site. It provides clear direction as to how growth is to be accommodated, particularly with respect to continued growth and expansion of Regular Passenger Transport services and General Aviation activities. The Master Plan provides an optimal spatial outcome for the airport in keeping with commercial business objectives and environmental, planning, security and operational obligations.

The emphasis of the Master Plan is on aviation growth and development and protecting the site for the future expansion of aviation facilities to ensure the long-term sustainability of the airport which is not inhibited by a lack of facilities or other constraints.

Parts of the site have been identified for possible future non-aviation uses on land that is not likely to be required for aviation purposes. These include but are not limited to the following:

- terminal upgrade for passengers including ancillary commercial and visitor information services;
- commercial aviation facilities;
- private hanger developments which may or may not include accommodation;
- improved terminal car parking; and
- streamlined aviation fuel facilities.

In a general sense, whilst the operation of the airport places a significant financial impact on the Council incurring an annual operational deficit of \$200,000, it is expected that over time through careful management this can be reduced provided that the entire amount of capital renewal works for the Airport Runway are externally funded.

The main issue facing Council is the cost to rehabilitate and seal one of the two airport runways. Flinders Island Airport has more or less the same asset base as similar airports serving greater populations but without the same patronage and hence income derived from user charges.

Over recent years Council has actively met its reseal obligations for the one short runway as well as trialling in-situ foam bitumen stabilisation and sealing on the main runway. Thus far, as shown in the attached photo, results have been positive with pavement strength and hardness in the trial area significantly increased such that the treatment has given the pavement at least an additional 25-year life. Council is now in a position where rehabilitation of the main runway in-situ is a justified sustainable approach.



Aircraft skid marks shows hardness of stabilised pavement prior to seal coats being applied

Council has also investigated options for realignment and replacement of the main runway, which although the ultimate solution, is difficult to justify unless there is significant growth in aircraft traffic given our relatively small user base.

RATIONALE

Tasmania's two main Bass Strait Islands (King and Flinders) are essential to the fabric of Tasmania but, like Tasmania itself relies on a community service obligation from mainland Australia, the islands too rely on some form of community service obligation to exist. We are islands with natural disadvantages.

The Flinders Island Airport provides an essential transport link for the Flinders and surrounding islands without which the Community could not function. As with all such transport links, it is a National and State Government issue and hence, a relevant consideration is the nation's community service obligation that applies.

The reconstruction and sealing of the runway will always be a large financial impost on the Flinders Council, adversely affecting its financial viability. This is not through performance, but simply through lack of throughput to generate sufficient user-charges to fund the airport infrastructure replacement, in this instance the predominant runway. The ability for the Council itself to cross-subsidise its operation, is limited given its very small rates base.

In these circumstances, funding of the airport runway rejuvenation through government sources are both inevitable and justified.

ANALYSIS

Project has a raft of positive attributes including the following:

- functional and sustainable essential airport facilities;
- long term vision implemented, and future of airport secured; and
- avoids another tier of Government having to take responsibility in an emergency with resultant greater costs and disruption to the economy, both local and regional.

PREVIOUS EFFORTS

In 2018 Council made application for funding under the Australian Government's Regional Aviation Access Programme (RAAP) for a \$1.8m grant towards a \$3.6m upgrade. This was ultimately unsuccessful.

FINANCIAL IMPLICATIONS

Council's 2018 Long Term Financial Plan has programmed replacement of the long runway in 2022. Estimated cost \$3.6m with an assumed grant allocation from the Government's Regional Aviation Access Programme (RAAP) of \$1.8m. This may have to be brought forward if circumstances on the ground dictate. The capital cost of Airport runway upgrades is a major cost burden on Council which places great strain and takes away from Councils normal local government responsibilities.

FUNDING REQUEST

Given the huge impost on Council funding of the entire amount of \$3.6m from of the Australian and potentially State Government is considered justified.

Construction of a Marine Access and Safe Harbour at Lady Barron

With a growing seafaring community, maritime safety is a major issue for Eastern Australia and Tasmania. The community driven proposal is to construct Safe Harbour facilities at the Lady Barron Slip Site.

BACKGROUND

In 2011 members of the Lady Barron community raised the possibility of providing safe harbour marine facilities at Lady Barron. This led to a preliminary privately funded investigation that identified some initial options which were later passed onto Council for further evaluation.

With financial assistance from the State Government, Council subsequently commissioned Burbury Consulting to conduct an independent review of the initial work. The new study included cost benefit analysis and examination of various site options including Lady Barron. In August 2017 Burbury Consulting delivered their draft report to Council. The project has community support.



The report identified that in consideration of social, physical and ecological factors, the Lady Barron Slipway Site was the most suitable of six (6) sites surveyed for the development of a marina. Concept includes:

- rock breakwater;
- boat ramp and floating pontoon jetty;
- floating marina berths;
- temporary berthing for visitor vessels;
- amenities facilities including toilets, showers and washing;
- marine services including sewage pump out, water supply, power and fuel;
- car and trailer parking for use of the facilities; and
- slipway upgrade.

RATIONALE

Tasmania's two main Bass Strait Islands (King and Flinders) are essential to the fabric of Tasmania. Due to the majority of vessel movements between Tasmania and mainland Australia being via the Tasmanian East coast, Flinders Island is the only practical location between the mainland and Tasmania for a sheltered boat and marine harbour to facilitate safe and improved marine access between mainland Australia and Tasmania.

The scale and size of the development, its strategic importance to Northern Tasmania generally and the relative financial capability of Flinders Council justifies significant external funding. The Project represents a potential major and justifiable investment by the Commonwealth Government as a significant player to improve safe marine access with the State Government also a key beneficiary. Given the uniqueness of its natural environs, Lady Barron meets all necessary

preconditions for the development of a 'safe' harbour for oceangoing vessels, commercial fishing vessels and local marine activities.

ANALYSIS

The independent cost benefit analysis identified that:

- the proposed development is likely to be a highly attractive public-sector investment for Flinders Island;
- it will ensure the increased appeal and sustainability of Flinders Island as an attractive boating destination, often luxury motorised oceangoing vessels and yachting;
- it will be a major economic development incentive for the local economy, in particular, and for the Northern Tasmanian economy;
- it will provide a unique opportunity for the Flinders Island economy to strengthen and diversify its economic base in terms of existing economic activities and additional tourism and outdoor recreation opportunities;
- it is expected to be an economically viable public-sector investment with a broad range of forecast benefits that meets all COAG public sector investment pre-conditions and requirements;
- there are no perceived technical, economic or environmental risks associated with the project with the lodging of a development application to be carried out to facilitate a 'shovel-ready' status; and
- the project facilitates the expansion of the Lady Barron Port facility through relocation of the existing boat ramp, the position of which hampers the operations of the existing commercial port operations.

PREVIOUS EFFORTS

In December 2017 Council placed a submission for funding under the Infrastructure Stream of Australian Governments Building Better Regions Fund for this project. \$5.47mill Cost was proposed to be funded by Council (\$0.46m), State Government (\$0.9m) and BBR (\$4.11m). Whilst the submission was well received Council was ultimately unsuccessful with only around 1 in 5 projects eventually being funded

FINANCIAL IMPLICATIONS

The project is beyond the financial capacity of Council, in part due to our limited financial capability which unlike most local governments is a direct consequence of funding our Airport. Direct on-going operational costs of the marina also remain a concern to Council, given our small budget, but not the overall economic benefit which will be largely directed to the community. A financial contribution along the lines of 3:1 BBR contribution from Council for the entire capital project cost, whilst is considered reasonable, places significant strain on Councils meagre finances.

Whilst BBR funding is an obvious potential funding stream, in reality the Australian and State Governments have arguably a national and state infrastructure obligations that relate to maritime safety not just economic development. This will be best addressed by a separate direct funding of \$2.3m towards the rock breakwater elements of a \$5.6m project, with the balance through the BBR stream.

FUNDING REQUEST

- \$2.3m from the Australian Government for a rock breakwater
- \$3.0m from the Australian and State Governments for the Marina and support facilities

Reconstruct and seal Palana Road to form the main transport backbone for Flinders Island

A major issue of equity for Flinders Island with an excellent road upgrade significantly contributing to the economic development of the Island.

The proposal is for the Council to fund with the Australian Government the reconstruction and sealing of 29km of Palana Road;

RATIONALE

Tasmania's two main Bass Strait Islands (King and Flinders) are essential to the fabric of Tasmania, but like Tasmania which relies in some form of community service obligation from mainland Australia, we are also islands with natural disadvantages that warrant similar treatments.

As the map illustrates, the State Government's Main Road (80.8km), Grassy to Cape Wickham, forms the backbone of King Island but on Flinders the state road is limited to connecting Lady Barron to the Flinders Island Airport (28.6km).

Yet when compared with King Island, Flinders has townships to the north to service, is far greater in size and area but has a lesser amount of developed rateable land due to a large amount of crown land. Overall we have greater natural disadvantages and a smaller population.



The lack of a State Road along the full length of Flinders Island is a significant and inequitable contributing factor to Council's overall financial performance.

King Island
80.8km

State Road
Existing
Proposed

Flinders Island
28.6km
73.2km

ANALYSIS

This project has a raft of positive attributes including the following:

- The economic stimulus and development of the Island will significantly increase as access for businesses, primary industry and tourism ventures will significantly increase with a fast-tracked sealed road. A cost benefit analysis is being undertaken to substantiate this aspect.
- Road safety will be significantly improved; especially for non-island residents who are often unfamiliar with unsealed road conditions.
- Palana Road services the high end residential and tourist growth area of the Island including the townships of Killiecrankie and Palana as well as the Island's main tourist and local camping sites.

- Council's financial sustainability will improve with financial pressure on Council eased.
- Council is in the process of developing a detailed cost-benefit analysis to support the project
- Redirection of limited Council revenue to other areas of development within the municipality will be enhanced. The ability for Council to start a proactive sealed road extension program largely unseen for the past 25 years would become possible.
- Project will see an increased use of local plant and other resources which will stimulate the local economy at a time when Councils capital road works program is lower than its usual levels

PREVIOUS EFFORTS

In 2017 and 2018 Council made a submission to the State Government with a request to jointly construct and seal Palana Road and upon completion have the road transferred to the Department of State Growth Government. This request would have aligned with arrangements that applied on King Island.

In June 2018 Council was advised *that "Palana Road is not a strategic State Road, serving a local access function, and the Department is not in a position to assist Council with funding for upgrading Palana Road"*

The Council was also advised that *"The Australia Government does periodically have funding programs for regional roads and would recommend that Council considers making submissions through one of the Australian Governments infrastructure programs"*

FINANCIAL IMPLICATIONS

Total project cost to construct and seal the remaining 29.0 km length of Palana Road is \$4.8m. Ideally this should be undertaken using local resources over a 3 to 5-year period.

Council's long term financial plan makes this priority project virtually unattainable for 10–15 years without significant financial support. Council finances also mean that realistically Council is only able to contribute on a 3:1 basis.

FUNDING REQUEST

Seeking \$3.6m funding over a 3 to 5-year period s to Construct and Seal Palana Road.

Redevelopment of the Flinders Island Sports and RSL Club

Flinders Island's most significant community-led project with Council as a positive supporter.

The proposal is for the Council to assist and partner with the Flinders Island Sports and RSL Club to redevelop the site around the bowling greens and golf course to include:

- redeveloped clubrooms and function centre;
- extension of facilities to house activities that complement current activity and the new the tennis / netball court that is being developed i.e. gymnasium space;
- complementary high quality residential development abutting the golf course;
- short term tourist accommodation;
- revamping and improved maintenance for existing challenging 9-hole golf course

RATIONALE

Flinders Island has a number of small scale dispersed recreational operations that have declined in use over the years through demographic changes in population. The Flinders Island Sports and RSL Club also suffers but is in a strong position to potentially address the future sustainability of its golf course and provision of community services. It has stable management, a pre-eminent and valued position within the Community, sound asset base with good clubrooms, function centre and facilities and ideal residential development potential. The Club is however small with limited resources.

Addition of complementary community recreation facilities that meet the wider community recreation and health needs has the potential to provide for long-term sustainability as well as catering for additional tourist and residential demand.

ANALYSIS

Project has a raft of positive attributes including the following:

- provides for long term sustainable operations of the Sports & RSL Club with increased membership and patronage that addresses current situation of aging volunteers and limited capacity to borrow externally that could threaten the viability of the club and the sporting facilities it currently provides if these actions are not undertaken;
- provision of new short-term tourist accommodation on the Island which is currently lacking;
- improved golf course and associated facilities as a new attractor to complement existing operations at



Bridport and Northern Tasmania;

- increase use of existing club function facilities;
- provision of new, quality, residential accommodation in and around Whitemark;
- catalyst for the more efficient use of flood waters in line with improved environmental management;
- provision of new recreational and health and fitness facilities that expand on current programs within an affordable cost-effective management structure that would otherwise not be possible;
- value-adds to current Whitemark Structure Plan redevelopment strategies that are being separately undertaken; and
- creates a Sports & RSL Club, Community and Council partnership that can attract the right sort of complementary external investment without the Club and Community losing the essence of the excellent community fabric that has been developed by previous generations.



PREVIOUS EFFORTS

In 2018 The Sports RSL Club received a grant from the State Government and are in the process of constructing a netball / tennis court as the first stage of this redevelopment. Council’s role is to continue to assist in the implementation of the master plan in line with the business case for the Flinders Sports and RSL Club site.

FINANCIAL IMPLICATIONS

As shown below there are overall positive financial implications for the Sports Club and Council as it is anticipated that ongoing operational costs will be manageable provided the capital development cost by way of local community, government and private sector investment can be met. A feasibility study has already been developed to support this project which is to be developed over several years.

ITEM	Cost	Grants
Clubhouse upgrade	\$1,481,000	\$1,281,000
Expanded recreational & fitness facilities e.g. community gym, pool	\$3,299,180	\$2,749,180
	\$4,780,100	\$4,030,180

FUNDING REQUEST

Seeking an initial \$2.75m grant from the Australian and State Governments to fund the main community elements that are beyond the scope of the Sports Club for this exciting integrated development.

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