

# Building our Regions Round 6

## Construction projects: Detailed application Supporting information

### Key messages

In preparing a detailed application under Building our Regions (BoR) Round 6, councils should note the following:

- Being shortlisted to submit a detailed application is not a guarantee that your project will be funded. The detailed application stage is expected to be highly competitive and applications will be assessed against the criteria on their merits.
- Councils shortlisted to submit more than one detailed application are encouraged to focus efforts on the highest priority and most advanced projects. Carefully consider the following before committing time and resources to the preparation of a detailed application:
  - council's ability to satisfy all of the eligibility requirements (refer to the Program Guidelines and *Eligibility requirements* section below)
  - the relative priority of each project for council and the community in terms of service delivery needs and expectations
  - council's capacity to successfully deliver multiple projects at the same time should multiple projects be successful, including:
    - availability of any required financial contributions
    - availability of appropriate resources, including suitable council employees to undertake project management and other project works if required
    - ability to commence and complete projects within required timeframes
    - once constructed or implemented, can be operated by the council on an ongoing basis
    - that council can account for costs associated with operating and maintaining the Project / asset over its lifespan.
- While project demand was addressed at the EOI stage, the detailed application must also clearly justify the need for the project and be directly supported with relevant documentary evidence, including:
  - evidence of the critical need for the project (refer to the Program Guidelines and *Mandatory documents* section below)
  - other supporting documentation such as asset condition reports, Environmental Authorities, drinking water quality management plans, risk management improvement plan, or wastewater/sewerage treatment reviews or reports (refer to the *Evidence* section below).
- Detailed applications will need to demonstrate why the proposed project is the most appropriate option for addressing the identified project demand. Councils should provide a detailed explanation and clear and relevant documentary evidence that an assessment of options has been undertaken to justify adoption of the proposed project (e.g. consultant report, previously trialled, work done by another council.) This should include details of the other alternatives considered and why are they considered unsuitable.
- If the proposed scope of works to be delivered has changed since submission of the EOI, contact the department at [buildingourregions@dcdilgp.qld.gov.au](mailto:buildingourregions@dcdilgp.qld.gov.au) to discuss these changes before submitting your detailed application. Significant changes in the proposed scope of works may result in a detailed application being ineligible.
- Ensure you have provided all relevant documents requested on the application form by attaching them to your application. The department will consider material previously provided with your EOI; however, council is responsible for ensuring relevant documents have been provided and are available for assessment. Failure to supply relevant supporting documents will likely disadvantage your application.

# Eligibility requirements

The BoR Round 6 Program Guidelines specify a number of eligibility requirements and mandatory documents that apply to the detailed application stage. These will be considered in determining the eligibility of each detailed application. Detailed applications found to be ineligible will not be assessed.

## Eligibility criteria

Eligibility requirements for construction detailed applications:

- detailed application is for construction of a water supply or sewerage system infrastructure project that addresses:
  - water supply security (including recycled water for non-potable uses)
  - water loss mitigation
  - water quality improvement
  - water for use in hydrogen projects or other priority manufacturing sectors or
  - sewage collection and treatment
- detailed application is seeking BoR funding within the range available (between \$100,000 and \$2 million) and within the contribution limits set for the council's fund:
  - Large Service Provider Fund – up to 40% of total eligible project costs
  - Medium Service Provider Fund – up to 50% of total eligible project costs
  - Small and Very Small Service Provider Fund – 100% of total eligible project costs.
- project is scheduled to start after the earliest anticipated notification of approval date (eGrants has been set to allow a Project Start Date from 1 July 2022)
- detailed application demonstrates the project is able to commence construction on or before 15 February 2023
- final/detailed construction/engineering design is completed and certified (if required) by a Registered Professional Engineer of Queensland (RPEQ)
  - NOTE: the minimum standard acceptable is design drawings suitable for release with a tender for construction
  - determining the need, or otherwise, for RPEQ certification is the responsibility of the Local Government
- all land-related issues (such as ownership, tenure, native title, etc) are finalised:
  - NOTE: exceptions may apply and must be agreed to in writing by the department prior to submission
  - exceptions will only be granted where the council can demonstrate that processes for resolving issues are underway and will be finalised in advance of the construction commencement date
- all financial co-contributions to the projects are confirmed
  - NOTE: projects that include funding from Queensland Government or Australian Government grants or schemes for the same stage of the same project are ineligible
- copies of all mandatory documents are provided.

## Mandatory documents

Mandatory documents that must be provided at the detailed application stage include:

- evidence of the critical need for the project, as identified in, for example:
  - Drinking Water Quality Management Plan – Improvement Plan
  - water supply security strategy (including network improvements reducing network losses)
  - asset management documentation (including works to improving system operations)
  - sewerage management planning documentation
- a copy of the final construction/engineering design certified (if required) by an RPEQ
  - NOTE: the minimum standard acceptable is design drawings suitable for release with a tender for construction
  - determining the need, or otherwise, for RPEQ certification is the responsibility of the Local Government
- a detailed project plan (see *Detailed application templates* below for more information)
- project Gantt chart or detailed delivery/works schedule showing timeframes for all project stages up to and including project completion

- a cash flow forecast in Excel format (see *Detailed application templates* below for more information).
- either a cost benefit analysis or a benefits assessment (see *Detailed application templates* below for more information)
- evidence that there are no land ownership/access issues including native title to resolve:
  - NOTE: exceptions may apply and must be agreed to in writing by the department prior to submission
- CVs for all key personnel identified in the detailed application including the project manager
- confirmation from council's Chief Financial Officer that the project infrastructure will be included in the asset base used to calculate council's water and wastewater pricing
- if the detailed application identifies third-party contributions: letters confirming any financial and in-kind contributions from other parties, including details of the amount of funding and any conditions attached to the funding
  - NOTE: projects that include funding from Queensland Government or Australian Government grants or schemes for the same stage of the same project are ineligible.

## Ineligible projects

As detailed in the Program Guidelines, ineligible construction projects include:

- projects (including pre-construction activities) that have already commenced, or are intended to commence prior to official notification of funding approval (i.e. late June 2022)
- projects that will primarily benefit a single private sector commercial operator
- projects that should be funded by private developers
- state infrastructure projects that would usually be funded through the normal business of Queensland Government agencies
- multiple projects that are not interdependent but have been submitted in a single application
- construction projects that have approved funding from an earlier round of BoR
  - applications for subsequent stages of a previously funded project are eligible to apply for BoR funds
- splash parks, water-ski parks, swimming pool or similar recreational water facilities projects
- treatment plant solids disposal
- projects submitted by Local Governments for BoR that have previously secured any other Queensland Government or Australian Government grant or scheme funding for the same stage of the same project
- projects that will only undertake repair or maintenance of existing infrastructure.

## Detailed application templates

Copies of BoR Round 6 detailed application templates are available on the BoR Round 6 website at <https://www.rdmw.qld.gov.au/regional-development/building-our-regions-round-6>.

## Detailed project plan

A detailed project plan is required for all detailed applications. Each section must be completed with relevant, up-to-date information about the project to be delivered.

### Cash flow forecast

Complete the cash flow forecast in the template provided. Enter revenue and expenditure in the month it is expected to be received or incurred. The cash flow forecast is to be provided as an excel document.

**Do not edit or delete the formulas in the template.**

Timeframes (months) in the cash flow forecast should match those identified for delivery of the project elsewhere in application documentation.

Limit BoR revenue to three or four milestone payments in arrears, rather than a regular monthly payment.

Extend the cash flow forecast until all construction expenditure is incurred and all funds have been received.  
Make sure the total project expenditure and revenue are the same in the application, project plan and cost breakdown.

## Cost benefit analysis or benefits assessment

Each detailed application must attach either a cost benefit analysis (CBA) or a benefits assessment to enable consideration of the project's value for money and project benefits.

Councils must identify which document they are required to provide. This is determined on the basis of the total project cost identified in the detailed application:

- **Completion of a CBA** will be required where the total project cost is over \$500,000 (e.g. total project cost of \$500,000.01 and higher).
- **Completion of a benefits assessment** will be required where the total project cost is up to and including \$500,000.

The templates should identify and describe all relevant costs and benefits for the local government area that are anticipated to result from the delivery of the proposed project.

The types of benefits to be captured include:

- **Economic benefits for the local government area** – the additional economic benefits the project will deliver for local businesses and households
- **Employment impacts** – the expected impact of the project on employment opportunities within the local government area throughout the construction and operational stages of the project.
- **Direct financial benefits to the council** – any additional net revenue or net savings that the council may achieve as a result of the project
- **Other benefits which may be difficult to quantify** – benefits of the project which may be significant, but the scale of these benefits is difficult/unable to be measured, including social, environmental, public health, and amenity benefits.

## Project readiness

Construction projects submitted for funding under Round 6 must be ready to commence construction no later than 15 February 2023.

Councils should consider whether prospective projects can commence construction within the program's timeframe. If in doubt, councils should consider seeking funding from an alternative funding source.

Significant cost increases can also delay construction commencement and adversely impact a project. Councils are strongly encouraged to obtain detailed project costings prior to submission of a detailed application, such as a Bill of Materials from a Quantity Surveyor, and provide copies of those costings as supporting evidence. Undertaking geotechnical site investigations to inform project costings prior to submission, will assist in developing more accurate project costings and support claims of project readiness.

## Evidence

Where possible, all statements made in the detailed application should be supported by documentary evidence. Competitive detailed applications use evidence to support responses to assessment criteria as well as responses to other questions in the application, e.g. timeframes, costings and land ownership, etc.

Evidence is most effective when it:

- is relevant to the statements it is substantiating
- is rigorous, credible and able to stand up to critical analysis
- relates directly to project need, issue or problem identification
- is current
- demonstrates effectiveness in responding to the issue / problem identified
- demonstrates reasons for chosen approach/option to address project need

The use of quantitative and qualitative data that is sourced and as up-to-date as possible is strongly encouraged—for example population data sourced from the Queensland Government Statistician’s Office (QGSO) website: <https://www.qgso.qld.gov.au> or the Australian Bureau of Statistics (ABS). Using consultants’ reports and local and/or state government plans and strategies as evidence is also encouraged.

Evidence is most effectively used when it substantiates statements made in the application or specifically identifies the proposed works. For example, a council could write: ‘the consultant’s report identified the proposed project as the most cost-effective option to address the issue for the following reasons... (Refer to section/page xx )’.

Documentary evidence may include (in addition to the mandatory documentation):

- studies and reports such as feasibility studies, option analyses, engineering reports
- modelling, e.g.:
  - of catchment wide issues
  - showing the costs and benefits of providing (or not providing) the infrastructure
- water quality/effluent test results – if test results are provided they should include an interpretation of what the results mean in layman’s terms
- evidence of community concern such as petitions, letters, survey outcomes, copies of media reports
- maps showing the location of proposed infrastructure and identifying relevant features
- photographs showing the condition of existing infrastructure
- council minutes or resolutions relating to the need or opportunity and/or to the specific infrastructure.

Where reports are used as evidence, they should be provided in full, or at least the relevant sections along with the cover and copyright pages. If documents are available online, hyperlinks can be provided instead.

If an older study is being used as evidence, councils must explain why it is still relevant and identify any additional work that has been done to provide more up-to-date information.

If information in current Annual Reports or corporate documents (Vision or Mission Statements) is being used as supporting evidence, ensure you clearly explain how the document relates to the proposed project (i.e. does it support the need for the project, does it identify the issue as a priority, does it demonstrate council’s commitment; etc.).

When documentary evidence is provided to support statements, councils must reference it in the response and specifically identify the attachment name or number and the relevant section and page numbers. **Failure to properly reference supporting evidence may result in supporting evidence not being considered during assessment.**

## Using quantitative and qualitative information

Competitive applications not only provide documentary evidence but also explicitly use the documents’ quantitative and/or qualitative information to enhance their responses to the detailed application questions. For example, a council could write:

*The 2020 Xxx consultant’s report (Attachment 4: Sections 4 and 6) identified the proposed project as the most cost-effective option to address the issue for the following reasons...*

This approach makes it clear what information in the documents provided is to be considered, especially when the documents are very long or detailed.

Similarly, if a technical report is being used as evidence, councils should provide an explanation, in layman’s terms, of what the report demonstrates and how it relates to the detailed application.

## Project costings

It is expected that councils should be able to provide more detailed and precise project costings at the detailed application stage.

BoR will contribute funding to eligible project costs as follows:

- Large Service Provider Fund – up to 40% of total eligible project costs
- Medium Service Provider Fund – up to 50% of total eligible project costs
- Small and Very Small Service Provider Fund – up to 100% of total eligible project costs.

Successful councils and/or any third-party contributors will be responsible for all ineligible project costs and any costs for otherwise eligible items over and above the approved funding amount. Successful councils will also be responsible for meeting any project cost increases that occur over the course of delivering an approved project.

## Total project cost

The total project cost includes all project expenditure (eligible and ineligible costs) directly related to delivering the project. Examples of costs to consider include materials, tendering, public utilities (e.g. electricity supplied to the project site or moving telephone wires), project-related labour, project management, professional services, commissioning/certification, etc.

Councils are encouraged to thoroughly consider all costs associated with delivering the project.

To cover any unforeseen expenditure or price rises, detailed applications should include up to a maximum 15% contingency on top of their identified project expenditure. This amount should be included in the total project cost.

## Total eligible project cost

The total eligible project cost is calculated based on the total project cost less ineligible costs and any other financial contributions. The maximum BoR Round 6 funding available to a project will be calculated based on this amount.

## Assistance preparing applications

Assistance is available for eligible councils preparing detailed applications for Round 6 of BoR.

Eligible councils are strongly encouraged to work with their local DSDILGP regional office. Regional office staff are available to discuss project eligibility and provide feedback on draft applications. Contact information for the department's regional offices is available at <https://www.statedevelopment.qld.gov.au/about-us/contact-us>.

The outcomes of previous rounds indicate councils are more likely to be successful if they have worked with their regional office to identify projects and prepare applications. While working with a regional office does not guarantee success at any stage of the application process, it can help councils improve the competitiveness of applications.

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