

Appointed reviewer statement template

Approved form MGR5.2 under the Planning Act 2016

First Compliance check of Isaac Regional Council local government infrastructure plan

Prepared by: Integran Pty Ltd.

Version	Date	Reviewer name and signature
Final	26 th March 2020	Simon Bentley
		

The *Planning Act 2016* is administered by the Department of Local Government, Infrastructure and Planning, Queensland Government

Introduction

Integran Pty Ltd. has been engaged by Isaac Regional Council to undertake a first compliance check of its proposed Local Government Infrastructure Plan (LGIP) or amendment to a current LGIP.

Integran Pty Ltd. is required to:

- (1) evaluate whether a proposed LGIP or amendment complies with the requirements outlined under the *Planning Act 2016* and the Minister's Guidelines and Rules, including:
 - (a) the SOW model requirements in Schedule 7 of the Guideline and Rules;
 - (b) the LGIP template;
 - (c) the approved form MGR5.1 – LGIP Review Checklist; and
- (2) comply with the fundamental ethical principles of integrity, objectivity, professional competence, due care and professional behaviour when reviewing the LGIP; and
- (3) provide a written statement and the completed checklist to the local government detailing the findings of the compliance check.

Scope exclusions

The following items are outside the scope of this review:

- A verification of the accuracy of individual inputs used in the preparation of an LGIP.
- A review of the local government's Long Term Financial Forecast (LTFF) or asset management plan (AMP) other than to determine the extent of their alignment with the LGIP.

Compliance check process

The process used for the compliance check is as follows:

Stage	Description
Engaged	<ul style="list-style-type: none"> Integran Pty Ltd. was appointed by Isaac Regional Council as the LGIP reviewer on 14th August 2018 Integran was also engaged by Isaac Regional Council to prepare its LGIP amendment documents; These documents were finalised on the 13th March 2020 Council formally requested the commencement of the first compliance check on the 19th March 2020, however some initial discussions were held with Council officers from the 24th January 2020.
Review <i>First Compliance Check</i>	<ul style="list-style-type: none"> Review officially commenced on 19th March 2020
Final report <i>First Compliance Check</i>	<ul style="list-style-type: none"> Final report issued on 26th March 2020

The following local government personnel were involved in the compliance check:

Name	Title	Date of discussion (s)	Scope of discussion
Alexis Aylward	Planning System Specialist	Ongoing from 24 th January 2020	<ul style="list-style-type: none"> Day-to-day discussions to make minor clarifications
Darren Fettell	Director – Corporate, Governance and Financial Services	24 th January 2020	<ul style="list-style-type: none"> Email correspondence confirming the current status of the Strategic Asset Management Plan, and statement of alignment between strategic planning documents and the LGIP
Tom Wallwork	Strategic Asset Manager – Corporate, Governance and Financial Services		

Compliance check findings

General

Overall, Integran's first compliance check of the draft Isaac Regional Council LGIP has found that the content and format of the LGIP complies with the LGIP template, LGIP checklist, and Ministers Guidelines and Rules.

Background

The primary driver behind the amendment to the Isaac Regional Council LGIP is to ensure alignment between the LGIP and Council's draft planning scheme. While this was initially intended to be an interim amendment, incorporating minor network planning amendments to align with capital planning, the extent of these changes has become more substantial over time and Council has elected to undertake the full amendment process in this instance.

Key considerations relating to proposed amendments to the LGIP are:

- Planning assumptions are unchanged from the current LGIP. These were originally prepared using the draft planning scheme zoning, and remain relevant and appropriate for use in the current LGIP amendment;
- PIA boundary is unchanged from the current LGIP, and retains sufficient capacity for the required 10-15 year horizon;
- Minor adjustments (additions) have been made to the water service catchment in Clermont to more appropriately reflect the serviced urban area;
- Desired standards of service remain unchanged from the current LGIP;
- Amendments to network planning have been made to align with current capital planning documents, this includes significant amendments to the water supply and sewerage network infrastructure;
- LGIP Documentation has been amended to reflect the requirements of the *Planning Act 2016*, and to reference the zoning and uses within the draft planning scheme.

Financial Sustainability Assessment and alignment between long-term planning documents

Isaac Regional Council do not have in place a current Long-Term Asset Management Plan. The draft LGIP, when adopted, will be used to inform ongoing development and revision of the LTAMP. As the development of the LTAMP continues, Council advises that this will be prepared with consideration to:

- the projected growth and other planning assumptions within the LGIP;
- the Desired Standard of Service stated in the LGIP; and
- the timing and cost of future works within the LGIP and expenditure within the LTFF.

On the basis that this document has not yet been completed, a full assessment of alignment between Council's long-term planning documents has not been able to be undertaken, however we note Council's stated intent to alignment of these documents as part of their preparation.

Notwithstanding this, during the LGIP review process Council has adequately demonstrated that the LGIP can be funded through infrastructure charges revenues.

Council has indicated that they will shortly be undertaking internal audits to examine controls, processes and business practices in place to assess, calculate, apply, manage and recover infrastructure charges. The findings of this assessment will inform Council's statutory reporting requirements recently commenced under the Planning Regulation and is intended to better inform future LGIP revisions with respect to revenue and expenditure forecasts.

The financial sustainability ratios produced within the SoW model at the 15 year planning horizon in 2033 results in a ratio of 1.06, which represents the net present value of charges revenue slightly exceeding the net present value of total future asset costs up to the LGIP horizon. Despite this,

there may be periods during the life of the LGIP where spending on infrastructure is in excess of funds collected from charges revenues, or where forecasted revenues do not meet expectations.

Council has identified the following potential funding sources available to supplement infrastructure charges in the funding of the LGIP where shortfalls may be experienced:

- Grants and subsidies from state and commonwealth governments, or other sources as available;
- Other General Revenue sources as required;
- Specific usage charges where the application of these relate to capital improvements to existing infrastructure (e.g. sewerage treatment upgrades).

A significant issue which was identified during the financial sustainability assessment was the burden of owning such an extensive rural road network. The Establishment Cost of the existing trunk road network was calculated at approximately \$1 billion. In reality, many of Council's existing rural trunk roads have been, at least in part, funded by alternative means, such as government grants, general revenues or contributions from major regional stakeholders, such as mining companies. For this reason, a subsidy of 75% has been allocated against all rural trunk roads. This decreases the impact of this extensive road network on existing development and makes the LGIP more reflective of Council's actual financial circumstances

Overall, Integran recommends that the LGIP proceed in its current form, noting that Council officers have been made aware of the financial sustainability implications of the LGIP and will be seeking to address these matters going forward, particularly as the LTAMP and LTFF documents are reviewed in the future. From our review, it is clear that there was commitment from Council to better capture and consult on the plans and for there to be improved information provided from the network owners to the financial team.

Compliance with MGR

It has also been found that the process of preparing the draft LGIP complies with the requirements outlined under the Ministers Guidelines and Rules (MGR). While preparing the draft LGIP, Council consulted with the Department of Transport and Main Roads (DTMR) regarding transport matters.

Council has submitted the relevant material to DTMR for review and awaiting feedback. It is noted that DMTR can reserve their right to request further clarifications or to apply conditions during the State Interest Check Process.

Conclusions

The draft Isaac Regional Council LGIP complies with:

- the LGIP template and MGR requirements – in relation to the structure and content of the LGIP document including the planning and demand assumptions, priority infrastructure area, desired standards of service, plans for trunk infrastructure, and schedules of work;
- the Ministers Guidelines and Rules – in relation to the process for preparing the LGIP including consultation with DTMR.

The assessment also found that:

- While a full assessment between the LGIP and other long-term planning documents could not be undertaken, it is clear that IRC are taking steps to advance alignment between these documents in the future;
- The LTAMP can be developed in full awareness of the LGIP and its assumptions;
- Based on the current planning assumptions, the draft LGIP can be self-funded by infrastructure contributions over the term of the planning horizon, with a financial sustainability ratio of 1.13. In the event of a change in planning assumptions, such as a change to the existing regional growth profile, this will need to be reassessed;
- Funding for the costs associated with existing infrastructure is an issue which has been identified, and clearer records of funding history would improve the financial implications of these assets.

Recommendations

Integran Pty Ltd recommends to the Isaac Regional Council that the LGIP should proceed unchanged.

Recommended conditions to be imposed

Not applicable.