


First Compliance Check of Isaac Regional Council local government infrastructure plan

Prepared by: Integran Pty Ltd.

Version	Date	Reviewer name and signature	
Final	10/10/2017	C.McCanna	

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).

Integran Pty Ltd. is required to:

- (1) evaluate whether a proposed LGIP complies with the requirements outlined under the statutory guideline for making and amending planning instrument (MALPI) and Statutory guideline 03/14 – Local government infrastructure plans, including the LGIP template, the SOW model and the LGIP Checklist.
- (2) 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 (LTAMP) other than to determine the extent of their alignment with the LGIP.

Compliance check process

The process used to undertake the compliance check comprise the following steps:

Stage	Description
<u>Engaged</u>	<ul style="list-style-type: none"> Integran Pty Ltd was appointed by Isaac Regional Council as the LGIP reviewer on 14th December 2016. Integran was also engaged by Isaac Regional Council to prepare its population and employment modelling, LGIP document, PIA and PFTI mapping, Schedule of Works Model, and Extrinsic Material. These documents were finalised in August 2017 Integran also assisted Council in consulting with the Department of Transport and Main Roads on 17th August 2017.
<u>First Review</u>	<ul style="list-style-type: none"> First review commenced on 2nd August 2017
<u>First report</u>	<ul style="list-style-type: none"> First Compliance Check report issued on 25th August 2017.

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

Name	Title	Date of discussion (s)	Scope of discussion
Manus Basson	Manager Planning and Land Development	Ongoing since December 2016	Day-to-day discussions regarding preparation of the LGIP and production of PFTI mapping
Jason Akers	Manager Infrastructure Planning and Technical Services	13/07/2017 02/08/2017	Enquiries regarding the scope of transport projects included in the LGIP, unit rates and project costs used for costings, and project owner's costs, and contingencies applied to works
Richard Madden	Manager Operations and Maintenance (Water and Wastewater)	21/07/2017 02/08/2017	Enquiries regarding the scope of water supply and sewerage projects included in the LGIP, unit rates and project costs used for costings, and project owner's costs, and contingencies applied to works
Shane Bisseker	Manager Landcare and Open Space	21/07/2017 08/08/2017	Enquiries regarding the scope of parks and land for community facilities projects included in the LGIP, unit rates and project costs used for costings, and project owner's costs, and contingencies applied to works
Darren Fettell	Chief Financial Officer	21/07/2017	Clarification regarding financial assumptions used in development of the LGIP and Financial Sustainability Assessment

Compliance check findings

Note: Having substantially commenced prior to the commencement of new legislation, the LGIP has been assessed under the provisions of the *Sustainable Planning Act 2009* and *Statutory Guideline 03/14*.

General

While the LGIP was originally planned to be drafted as Part 4 of the Isaac Region Planning Scheme, to be adopted under the *Planning Act 2016*, delays to the finalisation of the scheme have meant that the LGIP has been adapted to provide an LGIP for the three existing planning schemes for the former Belyando, Broadsound and Nebo Shires.

This has required amendments to the LGIP template to allow one LGIP to serve three planning schemes and ensure the LGIP can be appropriately integrated within existing schemes. Changes notwithstanding, the intent or clarity of the draft LGIP document has not been compromised. For this reason, 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 statutory guideline 03/14.

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.

In addition to this, IRC's current Long Term Financial Forecast was prepared as part of its budget for 2017/18 and has not been prepared taking into account the impact of an LGIP, therefore a full Financial Sustainability Assessment which considers the alignment between these documents has not been able to be undertaken. Notwithstanding this, during the LGIP review process Council has adequately demonstrated that the LGIP can be funded through infrastructure charges revenues.

The financial sustainability ratios produced within the SoW model at the 15 year planning horizon in 2031 results in a ratio of 1.02, 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. Notwithstanding this surplus, there may be periods during the life of the LGIP where spending on infrastructure is in excess of funds collected from charges revenues.

Council has identified the following potential funding sources available to supplement infrastructure charges in the funding of the LGIP:

- 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 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 is reviewed in 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 MALPI

It has also been found that the process of preparing the draft LGIP complies with the requirements outlined under the statutory guideline for making and amending planning instruments (MALPI). While preparing the draft LGIP, Council consulted with the Department of Transport and Main Roads (DTMR) regarding transport matters.

DTMR advised that there did not appear to be any major areas of concern, however they reserve their right to request further clarifications or to apply conditions during the State Intersect Check Process.

Conclusions

Overall the draft Isaac Regional Council LGIP complies with:

- the LGIP template and Statutory Guideline 03/14 – 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;
- Statutory Guideline 04/14 – in relation to the process for preparing the LGIP including consultation with DTMR.

The assessment has also found that:

- While Council's LGIP is not currently in alignment with the LTFF, it's clear that IRC are taking steps to deliver alignment in future.
- In respect of the LTAMP this can now be further developed in full awareness of the LGIP its assumptions and inclusions.
- Based on the existing 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 1.02. 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 is required for these assets.

Recommendations

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

Recommended conditions to be imposed

Not applicable.