


Appointed reviewer statement template

Approved form MGR5.2 under the Planning Act 2016

Second Compliance check of Lockyer Valley Regional Council Local
Government Infrastructure Plan

Prepared by: Integran Pty Ltd

Version	Date	Reviewer name and signature
Final	09/05/2018	S.Bentley
		

Introduction

Integran Pty Ltd has been engaged by Lockyer Valley Regional Council to undertake a second 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
<u>Engaged</u>	<ul style="list-style-type: none"> • Integran Pty Ltd was appointed by Lockyer Valley Regional Council as the LGIP reviewer on 24/10/2017. • Integran Pty Ltd was also engaged by Lockyer Valley Regional Council to prepare its LGIP. • The majority of documents and other information required to undertake the LGIP review were already provided to Integran Pty Ltd for the preparation of the draft LGIP and draft Priority Infrastructure Plan (PIP) prior to being appointed as the LGIP reviewer. • Further documents, including documents and discussions relating to the review of financial forecasting assumptions from Lockyer Valley Regional Council on 25/11/2017, • Documents and other information provided by Lockyer Valley Regional Council on and from the 31/10/2017.
<u>First Review</u>	<ul style="list-style-type: none"> • Review commenced on 15th November 2017 • Meeting held with local government on 7th November 2017
<u>First Report</u>	<ul style="list-style-type: none"> • Final report issued on 21/11/2017
<u>Second Review</u>	<ul style="list-style-type: none"> • Second review commenced on 04/05/2018
<u>Second Report</u>	<ul style="list-style-type: none"> • Final report issued 09/05/2018

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

Name	Title	Date of discussion (s)	Scope of discussion
Chris Crowley	Coordinator Strategic Land Use Planning	Various between 24/10/2017 to 14/11/2017	<ul style="list-style-type: none"> • Planning Assumptions • PIA review and amendments • Desired Standards of Service review and amendments • PFTI schedules of works • PIA and PFTI mapping • LGIP document preparation
Chris Crowley	Coordinator Strategic Land Use Planning	7/11/2017	<ul style="list-style-type: none"> • Plans for Trunk Infrastructure Workshop • Review of Schedules of Works and Costing approaches • Review of Planning Assumptions and PIA • Refinement of Network Planning
Seren McKenzie	Manager Infrastructure Planning and Design		
Trevor Boheim	Manager, Planning and Development		
Tony Brett	Manager Finance & Customer Services		
Brendan Sippel	Parks and Garden		
Tony Brett	Manager Finance & Customer Services	15/11/2017	<ul style="list-style-type: none"> • Financial Assumptions and capital works planning
		16/11/2017	<ul style="list-style-type: none"> • Financial Sustainability Assessment outcomes
Chris Crowley	Coordinator Strategic Land Use Planning	04/05/2018 & 08/05/2018	<ul style="list-style-type: none"> • Confirmation that there were no public submissions during consultation • Confirmation of Council resolution to proceed to second review

Compliance check findings

General

While the LGIP was originally planned to be drafted as Part 4 of a new Lockyer Valley 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 revised to provide an LGIP for the two existing planning schemes for the former Gatton and Laidley Shires, which were prepared under the now-repealed *Integrated Planning Act 1997 (IPA)*.

Preparing an LGIP to be included within an IPA planning scheme has required amendments to the LGIP template to allow one LGIP to serve two 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 second compliance check of the draft Lockyer Valley Regional Council LGIP has found that the content and format of the LGIP complies with the LGIP template, LGIP checklist, and the Minister's Guidelines and Rules.

Financial Sustainability Assessment and Alignment between Long-Term Planning Documents

Lockyer Valley 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.

The draft LGIP has been prepared seeking to align with the capital works budget allocated as part of the current Long Term Financial Forecast. Some misalignment can be seen between the two documents, given changed assumptions since the LTFF was prepared. Notwithstanding this, during the LGIP review process Council has adequately demonstrated that the LGIP can be funded through infrastructure charges revenues.

During the review, Integran identified a key recommendation for LVRC to endeavour to report future capital works expenditures based on whether infrastructure is trunk or non-trunk development infrastructure, or focused on infrastructure renewals and selected upgrades unrelated to growth.

The financial sustainability ratios produced within the SoW model at the 20-year planning horizon in 2036 results in a ratio of 1.11, 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.

Financial modelling undertaken in the SoW model have taken into account a revenue reduction of 40% to take into account existing development credits where existing urban development is subject to redevelopment (such as a reconfiguration of a lot 1 into 2 lots). This more closely aligns the LGIP with Council's existing revenue projections for infrastructure contributions.

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;

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.

LGIP Amendments for Public Consultation and Second Compliance Check

As part of the second compliance check, Integran has undertaken a review of the amendments made to the draft LGIP in response to the first state interest check and public submissions. Council has provided detailed documentation of the changes made to the LGIP since the First Compliance Check, including how they demonstrate compliance with ministerial conditions.

Integran is satisfied that the changes made by Council prior to public consultation are compliant with the ministerial conditions. Council made changes to the allocation of Public Parks assets to more accurately reflect the servicing costs associated with different standards/level of parkland across the various urban areas in the Local Government Area. With respect to the transport network however, it is Council view that the entire road network is critical to the functioning of the LGA as a whole and that these costs should be distributed equally across all users / beneficiaries. As such, the asset allocations within the SoW model have been apportioned to all service catchment / users to reflect this cost sharing position.

As a result of no public submissions being received, no changes are required to be made and therefore all LGIP documentation is identical to the version that was released for public consultation.

Compliance with the Minister's Guidelines and Rules

It has also been found that Council have complied with the process of preparing the draft LGIP, outlined under the Minister's Guidelines and Rules. Since the First Compliance Check, Council have now complied with Clauses 5.5 through to Clause 8.2 (as required), being the completion of the First State Review, Public Consultation process and its decision to proceed with the LGIP unchanged following Public Consultation.

While preparing the draft LGIP, Council consulted with the Department of Transport and Main Roads (DTMR), as the relevant state agency about transport matters; and, Queensland Urban Utilities (QUU), as the Distributor-Retailer responsible for providing water and wastewater services for the area, as required under Clause 4.2 of the Minister's Rules.

Conclusions

Overall the draft Lockyer Valley Regional Council LGIP complies with:

- the LGIP template and the Minister's Guidelines and Rules – 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 Minister's Guidelines and Rules – in relation to the process for preparing the LGIP, including consultation with DTMR and QUU.

Council have complied with the Ministers Guidelines and Rules with respect to First State Review and Public Consultation (Clauses 5.5 through to Clause 8.2).

The assessment has also found that:

- While Council's LGIP is not currently in alignment with the LTFF, it's clear that LVRC 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 1.11. In the event of a change in planning assumptions, such as a change to the existing growth profile, this will need to be reassessed.
- Council need to improve reported budgeting for capital works projects to demonstrate where funds are allocated to trunk or non-trunk development infrastructure or renewals and upgrades unrelated to growth.

Recommendations

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

Recommended conditions to be imposed

Not applicable