

# First Compliance check of Bundaberg Regional Council local government infrastructure plan

Prepared by: Integran Pty Ltd.

Version	Date	Reviewer name and signature	
Final	28/07/2017	S.Bentley	

## 1.1 Introduction

Integran Pty Ltd. has been engaged by Bundaberg 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
<b><u>Engaged</u></b>	<ul style="list-style-type: none"> <li>Integran Pty Ltd was appointed by Bundaberg Regional Council as the LGIP reviewer on 10 August 2015</li> <li>Integran Pty Ltd was also engaged by Bundaberg Regional Council to prepare its LGIP planning assumptions and document</li> <li>The majority of documents and other information required to undertake the LGIP review were provided to Integran Pty Ltd as part of the LGIP preparation process, prior to being directed to commence the first compliance check.</li> </ul>
<b><u>Review</u></b>	<ul style="list-style-type: none"> <li>Review commenced on 28 June 2017</li> <li>Additional information requested on 3 July 2017 and received on 20 July 2017</li> <li>Discussions held with Council Officers during the review period to clarify material provided.</li> </ul>
<b><u>Final report</u></b>	<ul style="list-style-type: none"> <li>Final report issued on 28 July 2017</li> </ul>

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

Name	Title	Date of discussion (s)	Scope of discussion
Arron Walker	Strategic Planning Engineer	9/5/2017	Preliminary discussions to identify requirements for review of LTFF alignment against LGIP
Evan Fritz	Managing Strategic Planning		
Arron Walker	Strategic Planning Engineer	4/7/2017	Clarification of checklist requirements for extrinsic material, DTMR consultation, and PFTI mapping
John Kelly	Manager Sustainable Finance	27/07/2017	Review of LTFF / LGIP Alignment, Outcomes from Financial Sustainability Assessment and discussion on funding the LGIP.

## 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

Overall, Integran's first compliance check of the draft Bundaberg 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

The schedules of works in the LGIP have been compared against Bundaberg Regional Council's LTFF to determine the extent of their alignment. This assessment found general alignment between the documents, particularly within the 3 to 5 year horizon, with variations in cost forecasts occurring for some networks beyond year 5.

Reasons for such variations can be attributed to the following:

- In some instances, the LTFF projected expenditures for the later years are based on nominal allowances, informed by investments made in previous years. Consistent with the trending methods supported by the Local Government Act Finance Standards and guidelines. The comparison of these figures to specific LGIP projects has not provided close alignment given varying methodologies.
- Based on the approach above, it is difficult to isolate the trunk and non-trunk components of the allowances. It is expected that this has overstated the trunk value within the capital works planning when performing the assessment.

To benefit future assessments, Council has identified potential improvements to their current processes, specifically in relation to defining and identifying trunk infrastructure within the long-term planning processes.

The financial sustainability ratios produced within the SoW model for the 10 and 20 year period results in a ratio of 0.73 and 0.82 respectively. For context, The IPWEA Guidelines suggest that a range between 0.9-1.0 is considered acceptable.

This outcome reflects the significant expenditure Council is experiencing within the wastewater and water supply networks in the short term capital works program. Council has indicated that additional capital revenue raising through usage charges has and will continue to supplement this expenditure given the benefit of this investment is not only for future development, but replacing existing infrastructure. There is a high likelihood of funding from external sources in

order to manage water quality outcomes which meet environmental targets and policies of the State and Federal Government.

It is noted that the charges under Council's Charges Resolution are less than the maximum allowable charges under the SPRP (Adopted Charges). Council's current policy is to maintain the reduced charges in order to incentivise development, and therefore the funding shortfall for LGIP infrastructure will not be able to be funded solely through infrastructure charges.

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 improvements to existing infrastructure (e.g. sewerage treatment upgrades).

### **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) on two occasions regarding transport matters.

- 24<sup>th</sup> November 2016 - DTMR were consulted in relation to the Kalkie-Ashfield growth areas, and gave feedback regarding the trunk network connection to FE Walker St.
- 20<sup>th</sup> July 2017 - Overview of the entire BRC trunk transport network

DTMR indicated that they were satisfied that they had been consulted as part of the LGIP process.

### **The Ministers Guidelines – Review of Alignment**

While the draft LGIP was substantially prepared under Statutory Guideline 03/14, and is therefore subject to those requirements, a broad assessment has also been made against the requirements of the Ministers Guidelines, to determine the extent of future compliance and alignment of any reviewed 'Interim LGIP' post implementation of this LGIP.

This assessment found general alignment with the draft guideline document, with the exception of minor formatting variations to the Excel Schedule of Works model, and that the development projections have been prepared using QGSO population and dwelling projections, rather than being a forward projection of historical growth.

## Conclusions

Overall the draft Bundaberg 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:

- Council's LTFF, LTAMP and LGIP are generally aligned in terms of the projected capital expenditure on trunk infrastructure and projected revenue from developer contributions;
- The modelling indicates that there is insufficient revenue projected to be received from current infrastructure charge rates to fund the future trunk infrastructure requirements identified in the LGIP. Council has identified supplementary funding sources as this is required.

## Recommendations

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

## Recommended conditions to be imposed

Not applicable.