


Second Compliance Check of Whitsunday Regional Council local government infrastructure plan

Prepared by: Integran Pty Ltd.

Version	Date	Reviewer name and signature	
Final	30/04/2018	C.Hinton	

1.1 Introduction

Integran Pty Ltd. has been engaged by Whitsunday Regional Council to undertake a second 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 Whitsunday Regional Council as the LGIP reviewer on 26 May 2016. Integran was also engaged to provide assistance in the preparation of the LGIP to ensure the document was prepared in accordance with the Statutory Guideline. This included providing regular advice and guidance to Whitsunday Regional Council as they prepared the LGIP. 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.
<u>First Review</u>	<ul style="list-style-type: none"> First review commenced on 31 July 2017, with final documents received on this date. Discussions held with Council Officers during the review period to clarify material provided.
<u>First report</u>	<ul style="list-style-type: none"> Final report (for first compliance check) issued on 9 August 2017
<u>Second review</u>	<ul style="list-style-type: none"> Second review commenced on 26 April 2018 Documentation to enable the review endorsed by Council on 24 April 2018 and provided to Integran on the 25 April 2018. Phone and email discussions with Council were held over the review period to clarify information package and nature of changes made since the first review.
<u>Final report</u>	<ul style="list-style-type: none"> Final report (for second compliance check) issued on 30 April 2018

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

Name	Title	Date of discussion (s)	Scope of discussion
Neil McGaffin	Director Planning and Development	02/06/2017	Growth projections, projected infrastructure charges, financial sustainability and LTFF.
Shane Neville	Senior Strategic Planner	Ongoing since May 2016	Day-to-day discussions regarding preparation of the LGIP and production of PFTI mapping
		11/11/2016	Assistance with population of the Schedules of Works Model
		03/08/2017	Clarification in relation to minor amendments to the LGIP document
		08/08/2017	Clarification on financial sustainability assessment and alignment being sought between the LGIP, LTFF and LTAMP in future
		27/04/2018	Minor lookup function and labelling errors in SoW model and requesting copy of Submission Analysis Report,
		30/04/2018	Clarification of changes made since first review and correction of administrative issues

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

Integrant's second compliance check of the draft Whitsunday 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

Whitsunday Regional Council do not have in place a current Long-Term Asset Management Plan or a Long Term Financial Forecast prepared in the context of a Local Government Infrastructure Plan, therefore a full Financial Sustainability Assessment which considers the alignment between these documents has not been able to be undertaken.

Due to the requirement for Council to reallocate funding following the impact of Tropical Cyclone Debbie on the region in March 2017, there is some mis-alignment between the existing Capital Works program, which was prepared prior to the cyclone, and the LGIP, which has predominantly formed after the cyclone. This issue has been previously identified, and for the early years of the works program, the LGIP represents the current spending priorities.

Council have previously identified the issue of non-alignment of planning assumptions, revenue projections and capital works programs between reports and advised that the LGIP is being used to inform the preparation of a revised LTAMP and LTFF in 2018. To benefit future assessments, Council has identified potential improvements to their current processes, specifically in relation to better defining and identifying trunk infrastructure within the long-term planning processes to better understand the nexus between infrastructure contributions collected and the infrastructure constructed from those funds. Other current and future studies to improve alignment between these reports include a revision of planning assumptions and review of the desired standards of service, to ensure these are consistent between documents and reflect the reality of infrastructure being provided by Council and required through development approvals.

The financial sustainability ratios produced within the SoW model at the 10-year (2026) and 15-year (2031) planning horizon results in a ratio of 0.80 and 0.78 respectively. This is below the level which represents self-sustainability for the LGIP, however Council have stated that their intention is for revenues for infrastructure contributions to fully satisfy expenditure for new trunk infrastructure.

Council has recognised that there are a number of factors that could significantly alter the financial sustainability assessment outcomes, which can be managed through Interim LGIP updates if and when required. Such factors include:

- There are several large-scale developments with existing development approvals which could significantly affect the reliability of the planning assumptions if and when they are constructed. This may improve the revenue assumptions in the short term and therefore the sustainability ratios currently being produced;
- Council also noted that certain projects in the LGIP have been identified based on need rather than Council's ability to pay for them. Council has the ability to revise these projects in future versions of the LGIP document, where possible, to improve the cashflows;
- The LGIP includes several large-scale infrastructure projects (such as the Bowen Sewerage Treatment Plant capacity upgrade) which are typically delivered over multiple stages, however the LGIP modelling currently identifies these investments over a single year. The smoothing of these expenditures over time will improve the LGIP's affordability by minimising the impact of major step change projects on the cashflow.
- Council also advised that they believe there are significant outstanding infrastructure contributions yet to be paid, being infrastructure charges that have been levied against development approvals awaiting construction, commencement of use or sealing of the survey plan. This has been estimated in the order \$10,000,000, which if accounted for in the 'existing balance' of charges revenue, improves Council's financial sustainability ratio at the 10-year (2026) and 15-year (2031) planning horizon from 0.80 and 0.78 respectively to 0.91 and 0.86 respectively.

Council has identified the following potential funding sources available to supplement infrastructure charges in the funding of the LGIP which may be investigated further:

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

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 during the first review of the LGIP. It was clear that there was commitment from the Council to better capture and consult on the plans and for there to be improved information provided from the network.

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 and have addressed any issues raised during the public consultation period.

Integran is satisfied that the changes made by Council prior to public consultation are compliant with the ministerial conditions, and that appropriate changes made as a result of public submissions are minor in nature, and do not result in a significantly different version of the draft LGIP from that which was released for public consultation.

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), who provided written confirmation of satisfaction with the consultation undertaken.

Conclusions

Overall the draft Whitsunday 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 01/16 – 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 aligned with the LTFF or LTAMP, it's clear that WRC are taking steps to deliver alignment in future.
- While the LGIP is not self-funded over the term of the planning horizon, the financial sustainability ratio of 0.80 (2026) and 0.78 (2031) has drawn attention to areas for improvement in relation to the planning and delivery of future trunk infrastructure. Council has identified a range of factors that are to be monitored and managed through future LGIP amendments, as well as supplementary funding sources which may need to be drawn on if and when this is required.

Recommendations

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

Recommended conditions to be imposed

Not applicable.