

Second compliance check of Rockhampton Regional Council local government infrastructure plan (LGIP)

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Revised May 2017

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Document Management

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Reviewer/s:

Date: 12 May 2017

Job Number: 15-5147

Job Name: Rockhampton Regional Council LGIP Review

File Location: [LGIP Second Compliance Report - updated 2017.docx](#)

Version History

Version	Version Date	Approved By	Details
A	15 December	L Valks	First draft for client review
B	12 May	L Valks	Revision based on State feedback
C			
D			

Table of Contents

1. Introduction.....	1
2. Compliance check process.....	2
3. Compliance check findings.....	3
4. Conclusions	8
5. Recommendations	8
6. Recommended conditions to be imposed.....	8

1. Introduction

Liza Valks of Buckley Vann Planning + Development has been engaged by Rockhampton Regional Council to undertake a second compliance check of its proposed Local Government Infrastructure Plan (LGIP).

Liza Valks 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.

The Council submitted the LGIP and accompanying material for second State interest check, but were advised that an updated LGIP Checklist was required in order for the State to proceed with their consideration. The Checklist was updated in the course of this some minor inconsistencies between the SOW and LGIP were identified. These are discussed further in section 2 below and in the accompanying LGIP Checklist.

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.

2. Compliance check process

The process used to undertake this second compliance check comprises the following steps:

Stage	Description
<u>Engaged</u>	<ul style="list-style-type: none"> • Buckley Vann was engaged by RRC in November 2015. • A telephone conversation with feedback from the Council on the recent notification and State Review process was had.
<u>Review</u>	<ul style="list-style-type: none"> • Review commenced on 6 December 2016 • Documentation received included: <ul style="list-style-type: none"> ○ Revised SOWs ○ Revised LGIP ○ Ministerial conditions for Rockhampton Regional Council Proposed LGIP ○ PFTIs (after an additional specific request for these) • Reviewer advised by Council of request for updated LGIP Checklist from the State in February 2017 • Subsequent liaison with Council officers regarding update of Checklist and subsequent SOW inconsistencies • Updated documentation including SOW, LGIP (as amended), Planning Scheme Schedule 3 (as amended)
<u>Final report</u>	<ul style="list-style-type: none"> • Draft report issued to RCC for noting and comments 15 December 2016 • Final report issued 20 December 2016 • Revised report issued 12 May 2017

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

Name	Title	Date of discussion (s)	Scope of discussion
<ul style="list-style-type: none"> • Robert Truscott, • Dana Meyer 	<ul style="list-style-type: none"> • Coordinator Strategic Planning • Planning Assistant 	December	<ul style="list-style-type: none"> • Update and information sharing • Response to request for clarification on ministerial conditions, PFTIs, SOW updates and other works. • Review of report

3. Compliance check findings

Rockhampton Region is approximately 600km north of Brisbane spanning an area of approximately 6,600km² in the central Queensland region. Rockhampton City is the main service area for the region and one of three major growth areas (also including Gracemere and Mount Morgan).

The Rockhampton Regional Council resolved on 13 September 2016 to commence the consultation period for the draft Rockhampton Region Local Government Infrastructure Plan amendment, as per state statutory guidelines. The Council advised that the amendment was made necessary by statutory changes to the process for preparing a Local Government Infrastructure Plan, not as a result of any substantial change to the Schedule of Works.

The formal consultation period for the Local Government Infrastructure Plan commenced on Monday 26 September 2016 and concluded at close of business on 04 November 2016.

The Council received no submissions during the notification period.

Prior to commencement of the notification period, the Council received a set of Ministerial Conditions as part of the State Review (correspondence signed 18th July 2016). The Council was advised they could commence notification subject to the identified set of conditions being complied with.

Those Ministerial Conditions and additional Further Advice are noted below for reporting purposes. Council has made adjustments to the SOW to remove contingency, and reviewed alignment between the SOW and PFTIs. Amendments to the content of the LGIP have also been made in compliance with the Ministerial conditions. In relation to the advice statements Council is committed to give them serious consideration as part of the development of the next PAR and LGIP. Progress on that work has stopped due to lack of resources in the relevant Council Groups who do the modelling and infrastructure work.

Ministerial conditions

Ministerial Conditions	RRC Response /Reviewer Response
<p>1. Revise the schedule of works (SoW) model and undertake any necessary consequential amendments to the proposed LGIP to ensure future infrastructure values comply with the requirements of <i>Statutory Guideline 03114 – Local government infrastructure plans</i> (the LGIP Guideline), and Appendix C - SoW model user manual. Specifically:</p> <p>(a) Ensure the base cost identified in the SoW model does not include a contingency or project owner's costs.</p> <p>(b) Include project owner's costs and contingency values (if applicable) in the relevant columns of the SoW model, within the value ranges specified in Appendix C.</p>	<p>(a) Land value and contingency/project owner costs have been separated from Base cost</p> <p>(b) Contingency/project owner costs have been included as per Appendix C guidelines (and therefore reduced accordingly)</p>
<p>2. Revise the proposed LGIP to ensure the trunk infrastructure identified in the SoW model, SoW summary tables and the plans for trunk infrastructure are consistent.</p>	<p>Projects with "Estimated time of completion" of 2031 + in current LGIP schedule of works have been included in the SOW model with 2036 as "Year provided". Previously anything 2031+ was</p>

Ministerial Conditions	RRC Response /Reviewer Response
	<p>not included in the SOW model but is included in the current LGIP SOW. Noted also that there are consistencies in the summary table and the SOW Model in terms of item identifier and other elements.</p> <p>Cost estimates for projects T-2, T-23, T-96 and T-97 (Future Trunk Assets – Transport) have been updated.</p>
<p>3. Amend the projection numbers in the proposed LGIP to reflect the single locality for Gracemere shown on LGIP maps.</p>	<p>Done</p>
<p>4. Amend the proposed LGIP to reflect the LGIP Guideline as follows:</p> <p>(a) Remove the editor's note contained after Section 4.1(1).</p> <p>(b) Include section 4.2(3)(c) of the standard LGIP template text (with relevant map references) and apply consistent terminology (i.e. either projection areas or locality areas) to describe the projection areas throughout the proposed LGIP, mapping and tables located in Schedule 3.</p> <p>(c) Include text in section 4.2.2(1) which outlines the developable area is represented by zones relating to urban uses not affected by the constraints (to the extent stated), identified by the council in table <insert new table reference> (e.g. Table 5 of the Planning Assumptions Report v2.0).</p> <p>(d) Amend section 4.2.3(1) to read 'The demand generation rate for a trunk infrastructure network...'. '</p> <p>(e) In section 4.4 of the proposed LGIP:</p> <p>(i) Remove section 4.4(3).</p> <p>(ii) Remove the line marking, sports clubhouse and public artwork items from Table 4.4.5.6.</p> <p>(iii) Remove all references to "in consultation with Council " from Table 4.4.5.5 and Table 4.4.5.6</p> <p>(f) Remove section 4.5(2) and table 4.5.1 from the proposed LGIP and include the information in the extrinsic material.</p> <p>(g) Include section 4.5.2(1) as per the standard LGIP template requirements.</p> <p>(h) In section 4.6 of the proposed LGIP:</p> <p>i. Remove the references to abbreviations and definitions from the title of section 4.6.</p> <p>ii. Remove the editor's note following table 4.6.1.1.</p>	<p>These have all been addressed.</p>

Further Advice for Consideration	RRC Response/Reviewer Response
<p>The council is encouraged to amend relevant components of the proposed LGIP, schedule of works (SOW) model and maps to identify and apportion all infrastructure networks by service catchments that separately relate to the urban areas of Rockhampton, Gracemere and Mount Morgan (as a minimum).</p>	<p>Council has always expressed its intention to refine the PIA and service catchments over time and as part of any new PAR or revised LGIP.</p>
<p>The plans for trunk infrastructure maps in the proposed LGIP should be updated to identify existing trunk stormwater infrastructure items as these items are mapped at an appropriate level of accuracy.</p>	<p>Council is committed to giving this consideration and attention as part of future work.</p>
<p>The sewer design standards in section 4.4 of the proposed LGIP reference compliance with the Environmental Protection Agency, which no longer exists.</p>	<p>Noted that the sections refer either to the Environmental Protection Act <u>or</u> the “Environmental Authority”. Perhaps this could be changed to “relevant environmental authority” however, as this is not a factual error it could be amended but is not critical.</p>
<p>The council should consider including the Planning Assumptions Report (version 2.1, June 2015) as extrinsic material, with an associated reference in Table 4.6.1.1 of the proposed LGIP.</p>	<p>Noted.</p>
<p>A valuable output of an LGIP is information about the cash flow projections which compares future infrastructure charges revenue to expenditure. In this regard the state sets the maximum charges that a local government may levy for the provision of trunk infrastructure. Where expenditure exceeds the revenue from infrastructure charges, the local government has to consider options to manage its finances.</p> <p>The LGIP preparation process seeks to take into account the inter-relationships and alignment between local government infrastructure planning, future growth, Asset Management Plans (AMP) and Long Term Financial Forecasts (LTFF). Within this framework, local governments are responsible to strategically consider and manage the provision and funding of trunk infrastructure in their local government area, in an efficient and financially sustainable manner. To achieve this over time, local governments are encouraged to undertake regular reviews to ensure ongoing alignment of its LGIP, AMP and LTFF.</p>	<p>Noted. The first peer review report noted this was an aspiration of Council. Council will give serious consideration to these during progressive reviews and updates of the LGIP related works.</p>
<p>The council should consider including any infrastructure charges revenue accumulated up to the base year in the summary cash flow worksheet of the SOW model.</p>	<p>Noted for future consideration.</p>

Reviewer notes

On the whole, Council has only made changes to the LGIP in response to two matters:

- The Ministerial conditions, all of which have been complied with; and
- Observations/inconsistencies between the SOW and LGIP and/or PFTIs as identified by the reviewer through this second review process. Those adjustments are relatively minor and are detailed below.

Original changes (prior to submission in December 2016)

- Council had made adjustments to the Schedule of Works to remove contingency, and reviewed alignment between the SOW and PFTIs.
- Amendments to the content of the LGIP have also been made in compliance with the Ministerial conditions.
- In relation to the advice statements Council is committed to give them serious consideration as part of the development of the next Planning Assumptions Report and LGIP. Progress on that work has stopped due to lack of resources in the relevant Council Groups who do the modelling and infrastructure work.

The LGIP Checklist also contains details of the amendments and changes.

Changes as a result of more recent review (2017)

The reviewer had observed some inconsistencies between the Schedule 3 tables and the Schedule of Works (to some extent across all infrastructure groups). Interrogation of this discovered some inaccuracies in formulas and input included in the relevant cells. Further interrogation by Council identified or resulted in:

- Consistent use of valuations at the base year of 2012
- Additional valuation years (2013/14) were added but the spreadsheet cell reference in the formula was not corrected (i.e. the years were added but not changed in the cell used for the escalation formula). This has now been done.
- Land values now included in the gross valuation: Council had originally adjusted the formula for Cash Flow forecasts as a result to ensure the land wasn't double counted.
- Valuation year in the Schedule 3 is now 2012 for all projects as that reflects the Gross Valuation process.
- Consistency between Schedules and SOW

Council has also flagged for consideration by the State, the formula for cash flow modelling (which is a non mandatory component) as it seems to add the land value twice if the Gross Valuation includes land value (which in Council's opinion it should). Council has corrected its

spreadsheet to remove any duplication in costing. These matters have been further discussed in relevant lines items of the LGIP Checklist.

Comments about the outcomes of any local government consultation with:

The reviewer is not aware of any specific discussions or engagement with State agencies in relation to the revised LGIP. There appears to be no outstanding or unresolved matter or issue requiring this. There is no distributor retailer in the region.

4. Conclusions

The reviewer notes that Rockhampton Regional Council officers have been open and helpful in providing the reviewer with required information, particularly noting a current lack of resources in the group and substantial changes in personnel familiar with the history of the Council's LGIP process.

The reviewer notes that Council has responded to all Ministerial Conditions and separate request for an updated Checklist, and is seriously committed to improving the infrastructure delivery processes through a series of ongoing reviews and project initiatives over the coming year and beyond, which will likely be reflected in subsequent LGIP reviews and better long term financial sustainability in infrastructure delivery.

The LGIP process, amongst other things, helps to identify where there may be misalignment between funding, levels of service and growth forecasts. Council's intention to continue to bridge the gap in this regard, and further finesse the LGIP is noted and commended.

The Council is desirous of final sign off of the LGIP and adoption prior to the introduction of the new Planning Act on 3 July 2017.

5. Recommendations

Liza Valks recommends to the Rockhampton Regional Council that the LGIP should proceed as amended for the Minister's final sign off.

6. Recommended conditions to be imposed

No conditions are required.