Statutory guideline 03/14

Local government infrastructure plans

A guideline for the preparation of local government infrastructure plans under the *Sustainable Planning Act 2009*.

12 June 2014

Contents

1. About this guideline

1.1 Purpose of this guideline

This statutory guideline for local government infrastructure plans (statutory guideline for LGIPs) has been prepared by the Minister for State Development, Infrastructure and Planning under section 117 of the *Sustainable Planning Act 2009* (SPA). This guideline sets out the minimum requirements that must be followed by a local government for preparing or amending a local government infrastructure plan (LGIP), in accordance with section 117 of the SPA.

The purpose of this guideline is to set out what must be included in an LGIP and to provide guidance to local governments on how to prepare an LGIP consistent with these requirements.

A separate statutory guideline for making and amending local planning instruments (a statutory guideline for MALPI) is also prepared by the Minister for State Development, Infrastructure and Planning under section 117 of the *Sustainable Planning Act 2009* (SPA). The statutory guideline for MALPI references the requirements of the statutory guideline for LGIPs and the two documents must be used together when preparing or amending an LGIP.

1.2 Definitions- abbreviations

Abbreviations used in this guideline are listed and described in Appendix F.

Terms used in this guideline have the meaning given in the SPA, MALPI or the Queensland planning provisions (QPP).

1.3 Outcomes of this guideline

Under the SPA provisions, a local government that wishes to levy infrastructure charges or impose conditions about trunk infrastructure from 1 July 2016, will not be able to do so unless their planning scheme includes an LGIP which was in place by 30 June 2016 and complies with the requirements of this guideline.

This guideline seeks to advance the purpose of the SPA by ensuring that an LGIP prepared by a local government:

- is consistent with the LGIP template provided in Appendix A;
- identifies trunk infrastructure which:
  - is integrated with the land use planning identified in the planning scheme;
  - is necessary to support future urban development efficiently (cost effective); and

- is financially sustainable (capable of being funded by the local government) and aligns with the local government's Long term financial forecast (LTFF) and Asset management plans (AMPs).

1.4 How to use this guideline

This guideline prescribes processes a local government must follow for the preparation and review of an LGIP:

- **Part A** sets out what must be included in an LGIP and provides guidance to local governments on how to prepare an LGIP consistent with these requirements.
- **Part B** works together with the statutory guideline for MALPI and sets out the processes for the review and approval of a draft LGIP.
- **Part C** includes guidance for the application of certain provisions of the SPA.
- **Appendix A** provides a template for the following LGIP components of a planning scheme (as provided for under the State planning scheme provisions / Queensland planning provisions):
  - Part 4—Local government infrastructure plan
  - Schedule 1—Definitions
  - Schedule 3—Local government infrastructure plan mapping and supporting material.
- **Appendix B** provides a list of indicative trunk and non-trunk infrastructure to guide local governments when drafting an LGIP.
- **Appendix C** references the schedule of works model (SOW) Excel file provided on the department's website for download and use by local governments. An SOW User manual is also included as part of the appendix.
- **Appendix D** provides a checklist to be used by local governments and Appointed reviewers to review a draft LGIP.
- **Appendix E** sets out a review protocol and template for an Appointed reviewer statement to be completed after the draft LGIP has been reviewed and the checklist has been completed.
- **Appendix F** provides explanations for acronyms used in this guideline.

2. PART A — Preparing a Local Government Infrastructure Plan

2.1 What is a local government infrastructure plan?

An LGIP is that part of a planning scheme that identifies the local government's plans for trunk infrastructure that are necessary to service urban development at the desired standard of service (DSS) in a coordinated, efficient and financially sustainable manner.

2.2 Purpose of a local government infrastructure plan

The purpose of an LGIP is to:

- integrate infrastructure planning with the land use planning identified in the planning scheme;
- provide transparency regarding a local government's intentions for the provision of trunk infrastructure;
- enable a local government to estimate the cost of infrastructure provision to assist its long term financial planning;
- ensure that trunk infrastructure is planned and provided in an efficient and orderly manner; and
- provide a basis for the imposition of conditions about infrastructure on development approvals.

2.3 Infrastructure identified in a local government infrastructure plan

Infrastructure may only be identified in an LGIP if that infrastructure is development infrastructure which the local government has also determined is trunk infrastructure.

Development infrastructure is defined in the SPA and is limited to land and/or works for the following five networks that provide essential services for development:

- water supply
- sewerage
- stormwater
- transport

- public parks and land for community facilities.

Non-trunk infrastructure is generally infrastructure that is internal to a development, connects a development to external infrastructure networks or necessary to protect or maintain the safety or efficiency of the infrastructure network of which the non-trunk infrastructure is a component.

To assist local governments in making a determination as to whether infrastructure is trunk infrastructure, the following matters should be considered:

- function – does the infrastructure provide a distribution function, collection function or service to a wider catchment comprising multiple development sites?
- number of users – does it service multiple development sites or catchments of users?
- development certainty – can the planning of the infrastructure be undertaken without knowing the details of individual developments? For example, can the infrastructure be planned without knowing the detailed layout for lot reconfigurations or the design of the development?

Appendix B – Indicative trunk and non-trunk infrastructure identifies examples of infrastructure items that are generally considered to be trunk infrastructure.

2.4 Financial sustainability and local government infrastructure plans

Infrastructure must be provided in a coordinated, efficient and orderly way which encourages urban development in areas where adequate infrastructure exists or can be provided efficiently.

The purpose of this requirement is to reduce the cost of providing infrastructure to service urban development. Reducing the cost of infrastructure is important for the following outcomes:

- it reduces the cost of undertaking development thereby making it more attractive and increasing the supply of new development to the market; and
- it supports the financial sustainability of local governments who are responsible for funding trunk infrastructure.

To achieve these outcomes, the trunk infrastructure identified in an LGIP must:

- be necessary to service assumed growth and urban development or an increase in the standard of service;
- provide an adequate, but affordable standard of service to development;

- be the most cost effective means of servicing assumed growth and future urban development, having regard to not only the capital cost, but also the maintenance and operating costs of the infrastructure going forward; and
- reflect a consistent servicing strategy across all trunk infrastructure networks.

Ultimately, a local government must be able to fund the trunk infrastructure identified in its LGIP. To demonstrate this, a local government's LGIP should align with its Asset Management Plans (AMPs) and the Long Term Financial Forecast (LTFF). Where alignment is yet to be achieved, a local government must demonstrate that it can fund the trunk infrastructure identified in the LGIP.

A simple methodology for demonstrating that the schedule of works is fundable is as follows:

(1) Calculate the cost of trunk infrastructure in the schedule of works model (SOW) (included with the SOW User Manual in Appendix C);
(2) Calculate the value of infrastructure charges projected to be received over the same time horizon in the schedule of works model; and
(3) Subtract (2) from (1). Where this calculation reveals a gap between expenditure and infrastructure charges revenue, the local government must be able to demonstrate that this gap can be funded from other revenue sources.

Technical guidance on undertaking a revenue sufficiency analysis using the SOW is provided in Appendix C – Schedule of works model and user manual.

2.5 Structure of a local government infrastructure plan

An LGIP must comprise the following sections:

- Preliminary;
- assumptions about growth, type, scale, location and timing of development;
- priority infrastructure area (PIA);
- desired standard of service (DSS);
- plans for trunk infrastructure (PFTI) supported by schedule of works; and
- extrinsic material.

2.5.1 Preliminary

The preliminary section of an LGIP must state that the plan has been prepared in accordance with the SPA. It must also clearly identify the purpose and structure of the LGIP as well as the trunk infrastructure networks included in the LGIP.

2.5.2 Planning assumptions

The LGIP must state assumptions about:

- population and employment growth; and
- the type, scale, location and timing of development.

These assumptions are collectively known as the planning assumptions. The planning assumptions are a critical element underpinning the LGIP. Together with the DSS they provide a logical and consistent basis for trunk infrastructure planning and the determination of the PIA.

The planning assumptions about the type and scale of development also provide an important consideration for a local government when determining whether to impose a condition for the payment of additional trunk infrastructure costs under section 650 of the SPA.

The planning assumptions section of the LGIP must clearly identify a summary of the existing and future projected urban residential and non-residential development by development type for a projection area in terms of:

- dwellings;
- population;
- non-residential gross floor area (GFA); and
- employment.

For high growth local government areas, a summary of the existing and future infrastructure demand projections for each service catchment for a trunk infrastructure network must also be provided.

The key assumptions used to prepare the projections (planned densities and demand generation rates) must also be summarised in this section.

2.5.2.a Preparing the development projections

The development projections are usually prepared using a top down, bottom up approach. The top down approach involves the forward projection of historical growth data to estimate future growth. The bottom up approach involves limiting growth projections to the physical capacity available to accommodate growth in a locality. That is, development at a local level is projected to occur for each projection year until it reaches the adopted population and employment capacity (ultimate development) for a locality.

Typical sources for population projections include the residential population and dwelling forecasts prepared by the Queensland Government Statistician. Employment projections are often available within adopted economic development studies undertaken by the local government for its area. However, it should be noted that these population and employment projections are often prepared for a variety of purposes and their appropriateness for infrastructure planning should be carefully considered against historical growth rates and anticipated development trends for the local government area.

Population and employment projections usually align with future Australian Bureau Statistics (ABS) census years (e.g. 2016, 2021). It is therefore appropriate to prepare the planning assumptions for the base date of the LGIP and for each future ABS

census date for a period of at least 15 years. If the local government planning scheme cannot cater for 15 years of growth, then the planning assumptions will be limited by the planning scheme's capacity.

With regard to **location**, it is necessary to prepare the planning assumptions at a level of disaggregation that facilitates their use in the planning of each trunk infrastructure network. That is, the planning assumptions must be able to be allocated to the various service catchments of the five trunk infrastructure networks. The planning assumptions must also be aggregated and reported in the LGIP at an appropriate spatial level (projection area).

The planning assumptions must be prepared for a limited number of development **types**. Uses under the planning scheme must be grouped into broader types of development that adequately reflect differences in infrastructure demand for the trunk infrastructure networks. At a minimum, the planning assumptions must be stated for the following development types:

- detached dwellings;
- attached dwellings;
- retail;
- commercial;
- industrial; and
- community purposes.

The relationship between the uses under the planning scheme and the LGIP development types must be stated in the planning assumptions section of the LGIP.

The assumed **type** and **scale** of development for a particular location should be determined by applying a planned density to the developable area of the site. A planned density must reflect the realistic level of development (ultimate development) that can be achieved for the premises. Considerations for this include:

- the regional plan's framework for infrastructure planning;
- the strategic framework within the planning scheme;
- zoning and development provisions within the planning scheme;
- other planning instruments such as Priority Development Area development schemes;
- approved plans for development; and
- current development trends in the area (or similar areas).

The planned densities used to prepare the planning assumptions must be clearly identified in the planning assumptions section of the LGIP in terms of:

- dwellings per developable hectare for residential development; and
- a plot ratio and developable hectare for non-residential and mixed development.

The planned densities stated in the LGIP may be identified for a planning scheme zone or local plan precinct, or any other defined area that is clearly identified in the LGIP maps in Schedule 3 of the planning scheme.

The future **timing** of the assumed type and scale of development for a particular location is based on the population and employment projections for that location. This involves:

(1) making an assumption concerning the timing of development in a particular location;
(2) converting the projected development into projections of population and employment at each projection year using average occupancy rates and floor space conversion rates;
(3) aggregating and comparing the projected population and employment to the relevant targets for the area; and
(4) using this information to identify construction dates for new infrastructure that is necessary to service development.

2.5.2.b Preparing the infrastructure demand projections

The projections of infrastructure demand for each trunk infrastructure network are prepared using the assumptions about the type, scale, location and timing of future development. Infrastructure demand is measured in terms of demand units. The demand unit for each network may be different. Commonly used demand units are as follows:

- Demand for the public parks and land for community facilities network is usually population based.
- Demand for the water supply and sewerage networks is generated by both residential and non-residential development and is expressed as either equivalent person (EP) or equivalent tenement (ET). The infrastructure demand projections for these networks are generally calculated by multiplying the assumed future residential and non-residential development by demand generation rates that have been derived from historical water consumption and return to sewer data for different development types.
- Demand for the stormwater network is generated by the creation of impervious area for residential and non-residential development and is expressed as impervious hectare. The infrastructure demand projections for the stormwater network can be calculated by estimating the average proportion impervious hectare (imp ha) per developable hectare for different use types.
- Demand for the transport network is generated by both residential and non-residential development. Some sophisticated traffic modelling programs typically express demand in terms of vehicles per day or vehicle trip ends per day (one vehicle trip consists of two vehicle trip ends, one at the trip's origin and one at the trip's destination). Planning assumptions can be inputted directly to a

transport model that simulates future trip patterns and outputs the infrastructure demand projections.

Smaller local governments, or those experiencing low rates of growth, may prefer to prepare the infrastructure demand projections for the transport network by applying a standard demand generation rate to the different projected residential and non-residential types of development.

2.5.3 Priority infrastructure area

The LGIP must identify a PIA for the local government area. There is only one PIA for each local government area, however the PIA may contain a number of geographically separated nodes.

The purpose of the PIA is to identify the area prioritised for the provision of trunk infrastructure for the next 10 to 15 years.

The SPA defines the PIA as follows:

The PIA is an area—

(a) used, or approved for use, for non-rural purposes; and

(b) serviced, or intended to be serviced, with development infrastructure networks; and

(c) that will accommodate at least 10 (but no more than 15) years of growth for non-rural purposes.

The PIA boundary must be identified on a cadastral map over the planning scheme zoning. The map scale must allow property boundaries to be legible.

2.5.3.a Determining the PIA

In determining the PIA, the local government must consider the following matters:

- the PIA must accommodate at least 10 years (but no more than 15 years) of growth for non-rural purposes; and
- the local government must be able to fund and supply adequate trunk infrastructure to service the assumed urban development inside the PIA.

To give effect to these matters, a local government should use an iterative process when determining its PIA. This process might include:

(1) preparing planning assumptions including the projected infrastructure demand for each network;
(2) assessing the spare capacity of existing trunk infrastructure networks;
(3) identifying the future trunk infrastructure required to service the projected infrastructure demand at the DSS in the most cost effective manner; and
(4) evaluating the ability to service an area with trunk infrastructure networks in a financially sustainable manner within the next 10 to 15 years having regard to the local government's AMP and LTFF.

2.5.3.b Future urban development outside the PIA

It is recognised that there will be circumstances where significant urban development is planned to occur outside the local government's desired PIA. Examples include Priority Development Areas declared pursuant to the *Economic Development Act 2012* and infrastructure agreement areas.

In these circumstances, the projected growth and urban development expected to occur in these areas must be taken into account by the local government when preparing the planning assumptions for the LGIP.

It would also be reasonable when determining the PIA that the projected growth and urban development in those other areas be taken into account. Failure to do so would lead to a larger PIA and more infrastructure being planned than necessary.

It should be noted that a local government's infrastructure planning is not limited to inside the PIA, nor is urban development prohibited from occurring outside the PIA. The LGIP may identify trunk infrastructure outside the PIA.

2.5.4 Desired standards of service

The LGIP must state the DSS for each trunk infrastructure network identified in the LGIP. Local governments are best positioned to determine which standards are suitable for the planning and supply of trunk infrastructure in their local government area.

The purpose of the DSS is to provide a high level summary of the key planning and design standards for a network. A comprehensive list of the DSS relevant to a network will be identified in planning scheme policies about infrastructure, legislation and subordinate legislation regulating infrastructure, Australia / New Zealand standards or similarly controlled documents. The summarised DSS in the LGIP must be consistent with the full standards for the network identified in planning scheme policies about infrastructure or other associated documents.

Key DSS stated in the LGIP may include:

- for the water supply network, the standard for:
  - average day water demand
  - minimum operating pressure
  - maximum operating pressure
  - target operating pressure
  - fire flow
  - drinking water quality
- for the sewerage network, the standard for:
  - sewage load, such as average dry weather flow; peak dry weather flow; and peak wet weather flow

  - gravity sewers, such as: minimum velocity at peak dry weather flow; maximum velocity at peak wet weather flow; and depth of flow at peak wet weather flow
  - rising main standards such as: minimum velocity at peak dry weather flow and maximum velocity at peak wet weather flow
  - wastewater pump station emergency storage
- for the stormwater network, the standard for:
  - stormwater quantity, such as minimum conveyance capacity of major and minor drains
  - stormwater quality, such as pollutant load
  - frequent flow management; such as total stormwater capture volume requirements
- for the transport network, the standard for:
  - local government trunk roads, such as: the minimum level of service (or maximum volume of traffic); maximum catchment size; intersection spacing and design speed for each type of road
  - local government trunk road intersections, such as: maximum control delays and degree of saturation for each type of intersection
  - pedestrian and cycle paths, such as: typical location; minimum widths and design speed of different types of paths
- for the public parks and land for community facilities network, standards such as:
  - the rate of land provision
  - accessibility standard
  - minimum size for each type of park.

2.5.5 Plans for trunk infrastructure

The PFTI must identify the trunk infrastructure the local government considers necessary to service at least the projected urban development inside the PIA at the DSS. This does not prevent a local government from planning beyond the time horizon of the PIA and identifying trunk infrastructure outside the PIA.

The PFTI section of the LGIP must comprise the following for each trunk infrastructure network:

(1) Plans for trunk infrastructure map(s) separately identifying the:
  - existing and future trunk infrastructure network;
  - future trunk infrastructure[1] labelled with a unique map reference to cross reference to the schedule of works table. For brevity, future trunk

[1] Future public parks and land for community facilities can be identified on the PFTI plans either as a designated or an approximate location.

infrastructure can be identified at a broader project level rather than individual item level; and

- service catchments. These are the areas for which the network demand projections are stated in the planning assumptions. The service catchments reflect the unique servicing patterns for the network.

(2) Schedule of works – a table including information derived from the Excel based schedule of works model described in the following section. The table states the following for each item of future trunk infrastructure identified on the plans:

- unique map reference to cross reference the item shown on the PFTI map(s);
- brief description. The description for the item should provide a brief overview of the infrastructure's function (or hierarchy), type and size. For example, single carriageway, major collector road from North Road to South Road;
- estimated timing. The estimated timing can be expressed in terms of specific years or time periods (e.g. 2011–2016). It is expected that the estimated timing of items in the first three to five years of the schedule will be expressed as a specific year; and
- establishment cost for land or works. The establishment cost must be stated in current cost terms and be consistent with the SPA definition of 'establishment cost'.

(3) Schedule of works model (SOW) – an Excel based spreadsheet model to assist local government in the preparation of the LGIP. The SOW must be prepared in accordance with the SOW User Manual included in Appendix C. A copy of the SOW Excel file can be downloaded from the department's website. A local government may choose to use its own version of the state's SOW provided it includes all the information and functionality of the SOW and does not make it harder to be reviewed by other parties. The SOW or the local government version of it is reviewed when making or amending an LGIP. The SOW must be available for viewing or downloading in Excel format on the relevant local government website.

2.5.5.a Deciding what infrastructure to include in the PFTI

When deciding what infrastructure to include in the PFTI and consequently what is defined as trunk infrastructure*,* a local government must consider:

(1) the matters stated in Part A, section 2.3 (Infrastructure identified in a local government infrastructure plan) of this guideline;

(2) whether the infrastructure*:*

a) is necessary to service assumed growth and urban development or an increase in the standard of service inside the PIA

b) provides an affordable, yet adequate standard of service to development

c) is the most cost effective means of servicing assumed growth and urban development, having regard to not only the capital cost, but also the maintenance and operating costs of the infrastructure going forward

d) reflects a consistent servicing strategy across all trunk infrastructure networks

(3) its ability to fund the infrastructure.

2.5.5.b Establishment cost of trunk infrastructure

A local government must identify the establishment cost of trunk infrastructure in the schedule of works. This provides a basis:

- to consider local government strategies to fund the infrastructure
- for the calculation of any offset or refund for trunk infrastructure.

In accordance with SPA, 'establishment cost' means the following:

- *for existing infrastructure—*
  - *i. the value of infrastructure is the current replacement cost as reflected in the relevant local government's asset register; and*
  - *ii. the current value of the land acquired for the infrastructure;*
- *for future infrastructure—all costs of land acquisition, financing costs and design and construction, for the infrastructure.*

Cost of works

For future trunk infrastructure that is works, the establishment cost should reflect the market cost for the design and construction of the works. A local government may estimate the establishment cost of the works using the following methods:

- Unit rates. The unit rates method is appropriate to estimate the market cost of works at the master planning stage for the infrastructure. The unit rates method applies the average unit cost of supplying an item of infrastructure
- First principles estimating approach. A first principles estimating approach is appropriate method to calculate the market cost of works at the detailed planning or preliminary design stage for the infrastructure. This approach calculates the market cost of the infrastructure based on a bill of quantities and a first principles estimate for the cost of designing, constructing and commissioning the trunk infrastructure specified in the bill of quantities
- Contract price. The contract price method is appropriate at the stage of procuring or constructing the infrastructure. This method determines the establishment cost of the infrastructure based on a contract value for the supply of the infrastructure.

The establishment cost of the works should include an appropriate allowance for project owner's costs and contingency.

Also refer to the SOW and User Manual in Appendix C when determining the establishment cost for infrastructure that is works.

Cost of land

For future trunk infrastructure that is land, the establishment cost should reflect the current market value of the land. The market value is the estimated amount for which the land should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

The market value of land is estimated using a direct comparison valuation method. This method considers comparable sales of land having generally similar planning classification and characteristics. These characteristics may include:

- location of the land;
- physical constraints such as flood, slope or waterways; and
- improvements to the land.

However, when estimating the establishment cost of the land at the time of preparing an LGIP, it is acceptable that land identified in the LGIP be valued using a simplified version of the direct comparison method.

The use of a simplified 'broad brush' approach is acceptable because:

- the exact location of land that is trunk infrastructure identified in the LGIP may be unknown until more detailed planning and design is undertaken for that infrastructure closer to its time of provision;
- there may be an extensive number of land parcels identified in the LGIP. Obtaining a valuation for each by a registered valuer would be cost prohibitive; and
- land that is trunk infrastructure identified in the LGIP may not be required for years or even decades into the future. The cost of a professional valuation may not be justified on this basis.

An acceptable broad brush valuation method would be to undertake sales comparisons across wider geographic areas, considering fewer key characteristics and the planning classification of the land.

The establishment cost of land should not include a contingency allowance but may include reasonable costs associated with acquiring the land such as:

- legal fees;
- administrative costs; and
- transfer (stamp) duty.

The schedules of works for future trunk infrastructure included in the LGIP are derived from the SOW.

A schedule of works model is available to assist local government calculate the establishment cost of future trunk infrastructure and evaluate their ability to fund that infrastructure. The user manual for the SOW is provided as Appendix C – Schedule of works model and user manual. If the local government has its own model that performs the same function as the provided SOW, it may use its own model. Any model used to prepare the schedules of works is reviewed when making or amending an LGIP.

Also refer to the SOW and User Manual in Appendix C when determining the establishment cost for infrastructure that is land.

2.5.6 Extrinsic material

The methodology used to prepare an LGIP must be transparent to all stakeholders including the general public.

For this reason, all relevant background studies and reports prepared in relation to the preparation of an LGIP must be referenced under 'Editor's notes – Extrinsic material' in the LGIP. This would typically include planning reports documenting the network planning, preparation of demand generation rates and establishment or review of the DSS. It should also include a report documenting the preparation of the planning assumptions.

The SPA stipulates that local governments must keep each study, report or explanatory statement prepared in relation to the preparation of an LGIP available for public inspection and purchase. The SOW must be available for viewing or downloading in the original Excel format on the relevant local government website.

2.6 Distributor-retailer arrangements

For those local government areas that have a distributor-retailer or withdrawn council arrangement under the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009*, the planning (e.g. PFTI and DSS) for water and wastewater trunk infrastructure networks will be included in the relevant water Netserv plan. Accordingly, a local government is not required to include these networks in its LGIP.

However, a distributor-retailer or withdrawn council must ensure that:

- its water Netserv plan is consistent with the planning assumptions stated in the relevant LGIP; and
- the areas identified in the water Netserv plan into which infrastructure networks are to be extended are consistent with the PIA identified in the relevant LGIP.

For this reason, the planning assumptions and PIA established by local government as part of an LGIP, will continue to perform an important role in the planning of water and wastewater networks included in a water Netserv plan.

3. PART B — Local government infrastructure plan review and approval

3.1 Statutory guidelines

The statutory guideline for MALPI references the requirements of the statutory guideline for LGIPs and the two documents must be used together when preparing or amending an LGIP.

The statutory guideline for MALPI sets out the process for making or amending a planning scheme for an LGIP. The statutory guideline for MALPI identifies that amendments to a planning scheme for an LGIP are categorised as LGIP amendments and interim LGIP amendments:

A ***local government infrastructure plan amendment*** (LGIP amendment) to a planning scheme is an amendment which:

- is making a new LGIP;
- is being made pursuant to a review as required under section 94A(1) of the SPA; or
- removes an area from an existing priority infrastructure area.

An ***interim local government infrastructure plan amendment*** (interim LGIP amendment) to a planning scheme is an amendment that is not a local government infrastructure plan amendment.

Refer to the statutory guideline for MALPI for further guidance on the process for LGIP amendments, as it is revised from time-to-time. A summary of the process generally is provided below, including further information on supporting information and documentation that will be required whilst making an interim LGIP amendment or LGIP amendment.

3.2 Local government infrastructure plan approval process generally

3.2.1 Interim Local government infrastructure plan amendment

If making an interim LGIP amendment, the LGIP, LGIP checklist and supporting information do not require an Appointed reviewer's compliance check nor the Minister's review or approval. An interim LGIP amendment must be publicly consulted.

The review process for an interim LGIP amendment is summarised as follows.

3.2.2 Local government infrastructure plan amendment

If making an LGIP amendment, the LGIP, LGIP checklist and supporting information will require an Appointed reviewer's compliance check and Minister's review and approval. An LGIP amendment must be publicly consulted.

The review process for an LGIP amendment is summarised as follows.

3.3 Compliance check protocol

A local government must engage an Appointed reviewer at its own cost to undertake the two compliance checks as part of the process for an LGIP amendment. An Appointed reviewer means a person or party who holds the specified qualifications and who has been appointed to the "Panel of approved LGIP reviewers" set up and maintained by the department. A consultant who drafted an LGIP amendment for a local government can also act as the Appointed reviewer provided they are on the 'Panel of approved LGIP reviewers'. A protocol for the compliance check is included in Appendix E. It includes a statement to be completed by the Appointed reviewer.

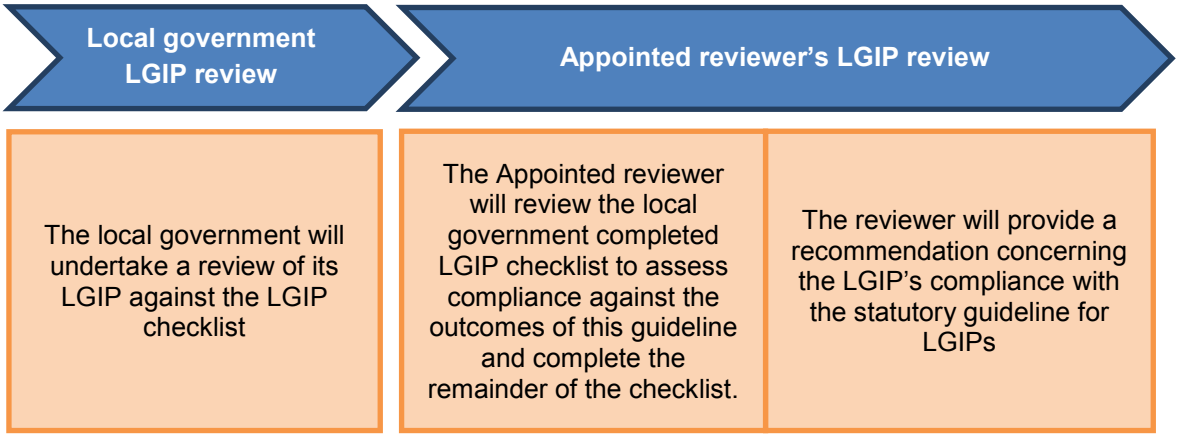
3.4 Documents required for review and approval

3.4.1 Local government infrastructure plan checklist

A local government must complete the relevant component of the LGIP checklist when undertaking either an LGIP amendment or an interim LGIP amendment. The LGIP checklist is Appendix D – LGIP Checklist to this guideline.

When making an LGIP amendment, the local government must provide the checklist including the relevant completed component to the Appointed reviewer. The Appointed reviewer must then complete the relevant sections of the LGIP checklist.

Following completion of the review, the Appointed reviewer must make a recommendation concerning the LGIP's compliance with the statutory guideline for LGIPs.



3.4.2 Appointed reviewer's written statement

When making an LGIP amendment (not relevant for an interim LGIP amendment), the Appointed reviewer must also complete the Appointed reviewer's written statement. The Appointed reviewer's written statement template is included with a review protocol in Appendix E to this guideline. The Appointed reviewer's signed statement will be submitted with the completed checklist and LGIP amendment to the Minister for review.

3.4.3 Documents to be submitted to the Minister for review

When making an LGIP amendment (not relevant for an interim LGIP amendment), the local government must submit an electronic copy of the following documents to the Minister in the specified format:

a) the proposed LGIP amendment (Word);
b) all extrinsic material referenced in the LGIP amendment (as relevant for the material);
c) the completed LGIP checklist (Word – final may be converted to PDF);
d) Appointed reviewer's written and signed statement (PDF); and
e) the SOW prepared by the local government during the preparation of the LGIP (Excel).

3.4.4 Documents to be made available for inspection and purchase

During the consultation period and thereafter, the local government must make available for inspection and purchase the following documents:

a) the proposed LGIP amendment;
b) all extrinsic material referenced in the LGIP;

c) a completed LGIP checklist; and

d) the schedule of works model prepared by the local government as part of the preparation of the LGIP.

3.5 Transitional arrangements

In relation to local government infrastructure plans (LGIPs), the SPA includes transitional provisions for local governments provided they have formally commenced at least Stage 1 of the process for making or amending a planning scheme as outlined in the previous version of the statutory guideline for MALPI, by 30 June 2014. These provisions allow local governments to choose to have an LGIP (previously a priority infrastructure plan or PIP) prepared and reviewed in accordance with the previous version of the statutory guideline for MALPI and the previous statutory guideline for PIPs.

Under the SPA provisions, local governments that wish to levy infrastructure charges or impose conditions about trunk infrastructure from 1 July 2016, will not be able to do so unless their planning scheme includes an LGIP which was in place by 30 June 2016 and complies with the requirements of the latest statutory guideline for LGIPs.

4. Part C—Implementation guidelines

4.1 Determining the value of infrastructure

The SPA and the *South East Queensland (Distribution and Retail Restructuring) Act 2009* (SEQ Water Act) includes provisions that require processes to determine the value of infrastructure (including land) under certain circumstances.

The purpose of this guideline is to outline:

1. The parameters that regulate the development of local authority's (local government or distributor-retailer) methodology for determining the cost of offsets and refunds, as required under section 633 of SPA and 99BRCH of the SEQ Water Act; and

2. The default methodology that is to be used until a local authority includes a methodology in their resolution or board decision (SPA s979(3) or SEQ Water Act s140F).

4.1.1 When to use a methodology to recalculate the cost of infrastructure

A local authority may impose a condition as part of a development approval or water approval requiring the provision of necessary trunk infrastructure. The cost of this trunk infrastructure, which includes works or land, must be offset against any infrastructure charge levied. If the cost of the infrastructure exceeds the charge, a refund must be given to the developer. To allow an offset or refund to be given, it is necessary to know the cost of the infrastructure that has been conditioned to be provided.

1. Where the relevant infrastructure and its associated establishment cost have been identified in the local government infrastructure plan (LGIP) or distributor-retailer Netserv Plan, this is taken to be the applicable cost. If the developer is of the opinion that the cost identified in the LGIP or Netserv Plan does not reflect the actual cost of the infrastructure, the developer may request that a new cost be determined through a standardised process (SPA s657 or SEQ Water Act s99BRDC).

2. It is not always possible to identify all necessary future trunk infrastructure in the LGIP or Netserv Plan. The need for new trunk infrastructure may become apparent only when a local authority assesses a new development application and imposes a condition on a developer to provide the previously unidentified trunk infrastructure. The cost of this infrastructure may be determined through a standardised process.

3. A third category of circumstances that apply is where a local authority conditions a developer to provide non-trunk infrastructure and the developer is of the view that certain components of the non-trunk infrastructure should be trunk infrastructure. The SPA (s658) and SEQ Water Act (s99BRDD) provides for a process to apply for the conversion of non-trunk infrastructure to trunk infrastructure. The cost of this previously unidentified trunk infrastructure may be determined through a standardised process.

4.1.2 Parameters for developing a methodology

The SPA and SEQ Water Act requires a local authority to include in its charges resolution or board decision a methodology for working out the cost of infrastructure subject to an offset or refund. Section 633 of the SPA requires that the methodology must be consistent with the parameters provided under:

a. a State Planning Regulatory Provision (SPRP) (adopted charges); or

b. if the parameters are not provided for under the SPRP (adopted charges) – a guideline made by the Minister and prescribed by a regulation.

The following section provides the parameters for the methodology as mentioned in section 633 of SPA.

4.1.3 Parameters

A local authority's methodology for working out the cost of infrastructure for offsets or refunds must be consistent with the following parameters:

1. Clarity – the methodology should be clear, certain and transparent;

2. Cost effective - the methodology for pursuing an actual cost valuation should not be cost prohibitive for applicants; and

3. Time efficient - timeframes should be realistic and encourage the efficient resolution of actual cost valuations.

4.1.4 Default methodology to determine infrastructure costs

Until a local authority develops and adopts their own methodology into a resolution or board decision, they must use the default methodology set out in a statutory guideline to determine the cost of offsets and refunds. The following section is the methodology mentioned in section 979(3) of SPA and section 140F of the SEQ Water Act.

4.1.4.a Trunk infrastructure that is works

Trunk infrastructure that is works (trunk infrastructure other than land) must be costed using a first principles estimating approach.

The first principles estimating approach must be implemented through the following procedural requirements:

1) The local authority must provide to the applicant the scope of works including the standard to which the trunk infrastructure is to be provided and the location of the trunk infrastructure (the scope of works)

2) The applicant must, at their cost, provide to the local authority:

   (a) a bill of quantities for the design, construction and commissioning of the trunk infrastructure in accordance with the scope of works (the bill of quantities).

   (b) a first principles estimate for the cost of designing, constructing and commissioning the trunk infrastructure specified in the bill of quantities (the cost estimate).

3) The local authority may accept the bill of quantities and cost estimate provided by the applicant.

4) If the local authority accepts the bill of quantities and the cost estimate, the cost estimate is the establishment cost of the infrastructure.

5) If the local authority does not accept the bill of quantities and cost estimate provided by the applicant it must, at its cost, have an assessment undertaken by an appropriately qualified person to:

   (a) determine whether the bill of quantities is in accordance with the scope of works;

   (b) determine whether the cost estimate is consistent with current market costs calculated by applying a first principles estimating approach to the bill of quantities; and

   (c) provide a new cost estimate using a first principles estimating approach.

6) If the local authority rejected the bill of quantities and the cost estimate provided by the applicant, it must provide written notice to the applicant and propose the new bill of quantities and cost estimate and its reasons for doing so.

7) Where a written notice of the local authority's proposed bill of quantities and cost estimate has been given, the applicant may negotiate and agree with the local authority regarding a cost estimate.

   The agreed cost estimate is the establishment cost of the infrastructure.

8) If agreement cannot be reached, the local authority must refer the bill of quantities and the cost estimate to an independent, suitably qualified person (the independent assessor) to:

(a) assess whether the bill of quantities is in accordance with the scope of works;

(b) assess whether the cost estimate is consistent with current market costs calculated by applying a first principles estimating approach to the bill of quantities; and

(c) provide an amended cost estimate using a first principles estimating approach.

The independent assessor is to be appointed by agreement between the local authority and the applicant. The cost of this independent assessment is to be equally shared between the local authority and the applicant.

The amended cost estimate determined by the independent assessor is the establishment cost of the infrastructure.

If the local authority and the applicant cannot reach agreement on the appointment of an independent assessor, the establishment cost of the infrastructure is determined by calculating the average of the previous two cost estimates prepared on behalf of the applicant and the local government respectively.

9) The local authority must give an amended ICN to the applicant stating:

(a) the value of the establishment cost of the infrastructure which has been indexed to the date it is stated in the amended ICN using the Producer Price Index – Road and bridge construction index for Queensland.

(b) that the establishment cost of the infrastructure stated in the amended ICN is indexed from the date that it is stated in the amended ICN to the date it is to be offset against the levied charge in accordance with the Producer Price Index – Road and bridge construction index for Queensland.

4.1.4.b Trunk infrastructure that is land

The establishment cost of trunk infrastructure that is land must be determined using the before and after method for estimating the current market value of land (the before and after method of valuation).

The before and after method of valuation must be given effect through the following procedural requirements:

1) The applicant, at their own cost, must provide to the local authority a valuation of the specified land undertaken by a certified practicing valuer using the before and after method of valuation (the valuation).

2) The local authority may accept the valuation.

3) If the local authority accepts the valuation, the valuation is the establishment cost of the infrastructure.

4) If the local authority does not accept the valuation provided by the applicant, it must, at its own cost, have a valuation undertaken by a certified practicing valuer.

5) If the local authority rejected the valuation provided by the applicant, it must provide written notice to the applicant and propose a new valuation and its reasons for doing so.

6) Where a written notice of the local authority's proposed valuation has been given, the applicant may negotiate and agree with the local authority regarding a valuation.

   The agreed valuation is the establishment cost of the infrastructure.

7) If agreement cannot be reached, the local authority must have a valuation undertaken by an independent, certified practicing valuer to assess the market value of the specified land.

   The independent, certified practicing valuer is to be appointed by agreement between the local authority and the applicant. The cost of this independent assessment is to be equally shared between the local authority and the applicant.

   The amended valuation determined by the independent certified practicing valuer is the establishment cost of the infrastructure.

   If the local authority and the applicant cannot reach agreement on the appointment of an independent certified practicing valuer, the establishment cost of the infrastructure is determined by calculating the average of the previous two cost estimates prepared on behalf of the applicant and the local government respectively.

8) The local authority must give an amended ICN to the applicant stating:

   (a) the value of the establishment cost of the infrastructure which has been indexed to the date it is stated in the amended ICN using the Producer Price Index – Road and bridge construction index for Queensland.

   (b) that the establishment cost of the infrastructure stated in the amended ICN is indexed from the date that it is stated in the amended ICN to the date it is to be offset against the levied charge in accordance with the Producer Price Index – Road and bridge construction index for Queensland.

When determining the value of the land using the before and after method of valuation, two valuations of the subject land are undertaken. In the first instance, the value of the original land is determined before any land is transferred to a local authority, using the direct comparison method at the site specific level. This will

include those portions of the land which are able to be developed to the yield approved in a development application and the value of those portions of the land which will be used for trunk infrastructure. Assuming that the land to be used for infrastructure is otherwise developable (e.g. not within a stormwater or drainage corridor), these portions of the land should be valued based on a rate applicable to en globo land for the underlying zone.

The value of the remaining land that will not be transferred to a local authority is then determined – again using the direct comparison method at the site specific level. The value of the latter is then subtracted from the former value to arrive at the value of the land to be transferred to a local authority. This method ensures that the land is not valued as a stand-alone allotment, but rather as a part of the overall land holding of the owner and that the valuation reflects any enhancement or diminution of value of the remaining land that may occur as a result of the portion to be transferred to a local authority.

4.2 Conversion applications

If a development approval condition or water approval condition requires non-trunk infrastructure to be provided, and construction of the non-trunk infrastructure has not started, the applicant may apply to have the non-trunk infrastructure converted to trunk infrastructure.

Where the condition is a development approval condition, the conversion application will be made to the relevant local government (SPA s658). Where the condition is a water approval condition, the conversion application will be made to the relevant water distributor-retailer (SEQ Water Act s99BRDD).

If a conversion application has been made, the relevant local authority must use the criteria outlined in their resolution or board decision as a basis for making a decision on the application. Where a local authority does not have conversion criteria in their resolution or board decision they must use the criteria in a statutory guideline.

The purpose of this guideline is to outline:

1. The parameters that regulate the development of local criteria for assessing a conversion application, as required under section 633A of SPA and 99BRCHA of the SEQ Water Act; and

2. The default criteria that is to be used until a local authority includes criteria in their resolution or board decision (SPA s979(3A).or SEQ Water Act s140F).

4.2.1 Parameters for developing conversion criteria

The ‘default conversion criteria’ outlined below must be used as a basis for developing conversion criteria to be included in a local authority’s LGIP or Netserv Plan. Provided the criteria are consistent with the underlying principles of the ‘default conversion criteria’, the local authority can modify the criteria to provide detail which

is consistent with the context, planning and infrastructure standards for the relevant area.

4.2.2 Default conversion criteria

For infrastructure to be considered trunk infrastructure, each of the following criteria must be met.

1. The infrastructure has capacity to service other developments in the area;
2. The function and purpose of the infrastructure is consistent with other trunk infrastructure identified in an LGIP, a charges resolution or Netserv Plan for the area;
3. The infrastructure is not consistent with non-trunk infrastructure for which conditions may be imposed in accordance with section 665 of the SPA or section 99BRDJ of the SEQ Water Act;
4. The type, size and location of the infrastructure is the most cost effective option for servicing multiple users in the area. A definition of cost effectiveness as it relates to trunk infrastructure provision is stated below;

Most cost effective option – means the least cost option based upon the life cycle cost of the infrastructure required to service future urban development in the area at the desired standard of service.

Appendix A - Local government infrastructure plan template

The local government infrastructure plan template is available in Word format and the file can be viewed or downloaded from the department's website.

Appendix B – Indicative trunk and non-trunk infrastructure

Trunk infrastructure identified in an LGIP should generally reflect the function of servicing multiple developments cost effectively. Section 665 of SPA identifies the conditions local authorities may impose for the provision of non-trunk infrastructure.

Infrastructure network	Trunk infrastructure	Non-trunk infrastructure
Water supply	Land or works for: • Water treatment facilities • Water storage facilities (e.g. Reservoirs) • Water mains • Pumping stations located on water mains • Chlorination equipment located on water mains • Meters, valves, control and monitoring systems located on water mains • Fire fighting devices located on water mains	Development infrastructure internal to a development or to connect a development to the external infrastructure network
Sewerage	Land or works for: • Sewage treatment plant systems • Gravity sewers • Rising mains • Pumping stations • Emergency storage	Development infrastructure internal to a development or to connect a development to the external infrastructure network
Stormwater	Land or works for: • the following stormwater infrastructure: – Bio-retention swale – Channel – Culvert	Development infrastructure internal to a development or to connect a development to the external infrastructure network

Infrastructure network	Trunk infrastructure	Non-trunk infrastructure
	– Pipe – Revegetation – Stormwater quality devices – Retention basin / wetland – Detention basin	
Transport	Land or works for: • Collector and higher order roads including associated intersections, traffic lights, roundabouts, bridges and culverts • Standard items associated with the road profile of a local government road, including kerb and channelling, lighting, signage, foot and cycle paths and basic verge plantings • Pedestrian and cycle paths which perform a city wide or district function • Bus stops constructed as part of a local government road specified above.	Development infrastructure internal to a development or to connect a development to the external infrastructure network
Public parks and land for community facilities.	Land or works that ensure the land is suitable for public parks for: – local recreation park – district recreation park – metropolitan recreation park – district sporting park – metropolitan sporting park Land, and works that ensure the land is suitable for development, for local community facilities such as community halls, public recreation centres and public libraries	Development infrastructure internal to a development or to connect a development to the external infrastructure network

Infrastructure network	Trunk infrastructure	Non-trunk infrastructure
	Embellishments, including footpath and cycle paths, necessary to make the land useable and safe for the intended purpose.	

Appendix C – Schedule of works model and user manual

The Schedule of works model (SOW) is in Excel format and can be downloaded from the department's website. The SOW is supported by a User Manual.

Appendix D – LGIP Checklist

The LGIP checklist is available in Word format and can be downloaded from the department's website.

Appendix E – Protocol and appointed reviewer written statement template

The protocol and Appointed reviewer's written statement template is available in Word format and can be downloaded from the department's website.

Appendix F – Abbreviations

AMP	Asset management plan
DSS	Desired standards of service
EP	Equivalent persons
ET	Equivalent tenements
LGIP	Local government infrastructure plan
LTFF	Long term financial forecast
MALPI	Statutory guideline for making and amending local planning instruments
PFTI	Plans for trunk infrastructure
PIA	Priority infrastructure area
SPA	*Sustainable Planning Act 2009*
QPP	Queensland planning provisions (also referred to as the State planning scheme provisions)
SPSP	State planning scheme provisions (also referred to as the Queensland planning provisions)