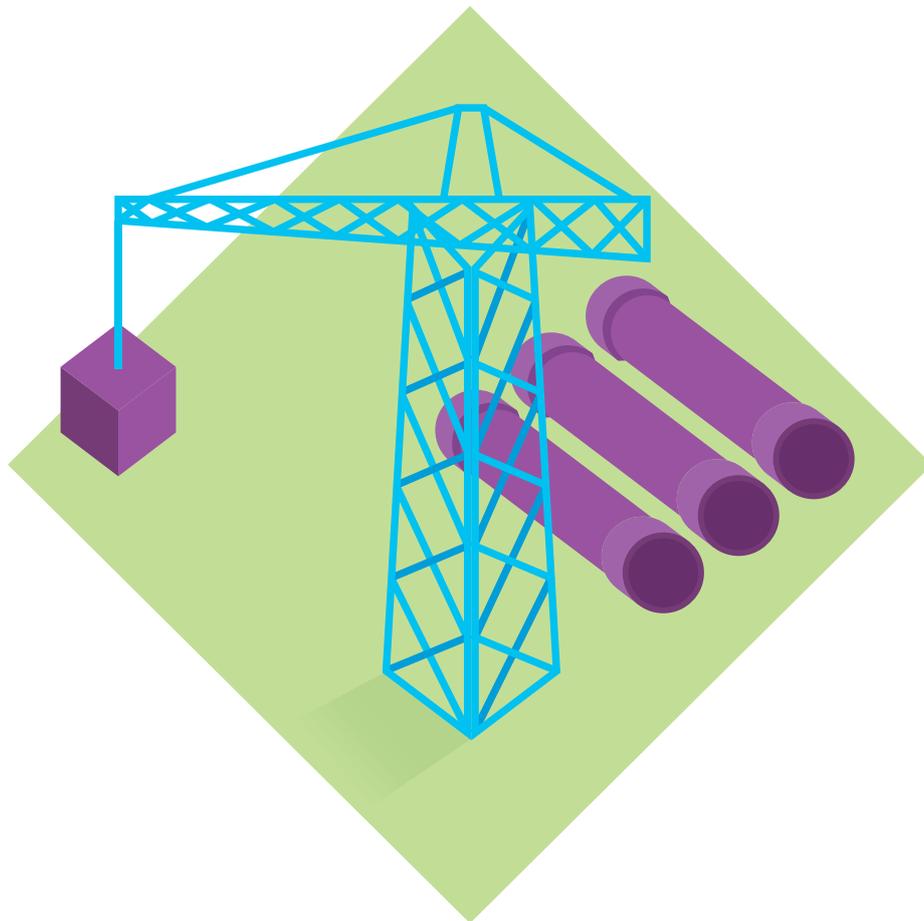
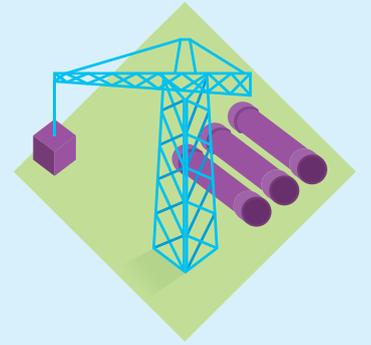


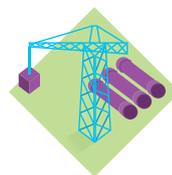
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INITIATING AND ESTABLISHING AN INFRASTRUCTURE SCHEME: A TOOLKIT FOR PRACTITIONERS

DECEMBER 2018





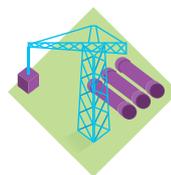


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¹The provisions of General Schemes have yet to come into operation refer to page x for more details



INTRODUCTION

Why have a toolkit?

The *Planning, Development and Infrastructure Act 2016* (the Act) provides for infrastructure schemes as an additional option for the coordination and delivery of infrastructure.

The Act prescribes two types of infrastructure schemes:

- **Basic infrastructure schemes**, which are to be used for the provision of basic infrastructure that will support, service or promote significant development within a designated growth area.
- **General infrastructure schemes**¹, which are to be used for the provision of essential infrastructure to facilitate significant development or urban renewal.

Infrastructure schemes have many benefits:

- ✓ Infrastructure is fully costed and financed
- ✓ Infrastructure delivery is staged with the development
- ✓ Costs are fairly distributed to landowners
- ✓ The process is transparent for councils, developers and landowners
- ✓ Agreements are in place before rezoning and/or development.

They can apply to a wide range of projects:

- ✓ Large-scale developments with complex infrastructure issues and multiple owners
- ✓ Urban regeneration and infill areas
- ✓ Works across council boundaries
- ✓ Transfer of assets and ongoing maintenance
- ✓ Developing and infill areas not just as a consequence of a rezoning proposal or a development proposal.

By using an infrastructure scheme, **councils and communities** can be assured that infrastructure for future developments is fully costed and financed and does not become a financial burden.

For **developers**, it provides certainty that agreements are in place with councils and infrastructure providers and the purchasers/landowners are tied to paying for their contribution.

Landowners can be assured that the necessary infrastructure will be available on completion of their development and the amount they need to pay for it has been fairly applied and is equitable.

There is also certainty about the quality of decisions because an independent, suitably qualified person (a scheme coordinator) is appointed by the Chief Executive of the Department of Planning, Transport and Infrastructure (DPTI) to coordinate the scheme.

The system provides a range of checks and balances throughout the process to ensure that any charge or contribution for infrastructure is aligned with the benefits received. Significant consideration and approval for schemes will also be provided by the Essential Services Commission of South Australia (ESCOSA), the State Planning Commission and Parliament.

Infrastructure schemes set out what infrastructure will be provided, the standard to which it will be provided, the timeframe in which it will be delivered, and how it will be funded.

This toolkit has been developed to help councils and developers:

- select the appropriate tool for the delivery of the required infrastructure
- prepare a proposal to the Minister for Planning for an infrastructure scheme initiation
- prepare an outline proposal of the scheme for the Minister
- understand the role of councils and developers in the infrastructure scheme process
- understand the role of the scheme coordinator, Minister, State Planning Commission, ESCOSA and the Governor in the infrastructure scheme process.

How was the toolkit developed?

The toolkit was developed through information and feedback received from the Infrastructure Schemes Pilot project.

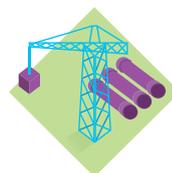
It is intended to keep this as a live document that will be updated as new information or case studies become available.

How does the toolkit work?

The toolkit assists councils and developers to assess the infrastructure they require, gather detailed information about this, and then assess their delivery options. If they decide to progress with an infrastructure scheme, the toolkit guides proponents through the next steps.

INFRASTRUCTURE SCHEME — STAGES





1.3 INVESTIGATE

Gather information and cost your proposal

1.4 SELECT

Choose the tool for delivering the infrastructure.
Continue if an infrastructure scheme is proposed

1.5 PROPOSE

Define scope and prepare proposal for the Minister to initiate a scheme.

2.3 CONSULT

Minister consults on the draft outline of the scheme and considers submissions.

2.4 DECIDE

Once satisfied with the draft outline of the scheme the Minister publishes it on the SA Planning Portal.

3.3 CONSULT

Scheme coordinator consults on the scheme in accordance with the Community Engagement Charter.

3.4 REPORT

Scheme coordinator reports to the Minister on the detailed scheme and outcomes of engagement.

* Note: A proponent may be a Council, landowner etc.

STAGE 1 – PROPONENT SCOPES & PROPOSES

1 PROPONENT SCOPES & PROPOSES

1.1 IDENTIFY	1.2 SET UP	1.3 INVESTIGATE	1.4 SELECT	1.5 PROPOSE
Identify an infrastructure need	Set up the project, stakeholder analysis and governance	Gather information and cost your proposal	Choose the tool for delivering the infrastructure. Continue if an infrastructure scheme is proposed	Define scope and prepare proposal for the Minister to initiate a scheme

1.1 Identify an infrastructure need

Infrastructure upgrades can be identified through:

- infrastructure upgrades can be identified through:
- regional planning conducted by a Regional Board or the State Planning Commission.

Areas identified for future growth must be strategically identified with an understanding of the existing and future infrastructure needs.

- strategic and structure planning where a rezoning may be needed by either a council, a developer or State Government.

Infrastructure needs for future growth must be resolved prior to rezoning approval.

- identification of a need to upgrade existing infrastructure arising from an increase in demand from significant infill and regeneration areas
- large land divisions resulting in multiple land parcels and landowners
- large scale development applications such as major developments.

1.2 Set up the project, stakeholder analysis and governance

Once a need for infrastructure is identified, the proponent of the infrastructure will need to undertake a stakeholder analysis to determine the roles of other

parties and the information needed to inform and investigate the feasibility of the project.

The proponent can be an individual entity/organisation; a group, such as one more councils; or a council and a developer, depending on who is investing in the infrastructure upfront.

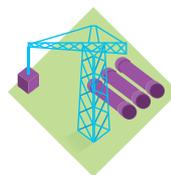
Other parties to be considered include:

- developers
- landowners
- the relevant council
- state government agencies
- infrastructure providers, including social infrastructure
- adjoining councils.

It is recommended that either the developer or the council creates a stakeholder liaison group that may include other councils, developers and infrastructure providers to assist with the project. For sites with multiple landowners, consider the appointment of a representative/s of the landowner group.

Either the developer or the council should ensure that their staff have the relevant expertise in infrastructure planning and costing, or will engage suitably qualified and experienced people to assist.

At this stage the governance and project budget needs to be decided. Early and ongoing collaboration is a key to success.



1.3 Gather information and cost your proposal

The first step in commencing the project is to define the scope of the infrastructure required. This will involve gathering information from all key stakeholders. The information to be gathered includes:

- the broad scope of the infrastructure needed, its capacity, type and a rough costing
- who would coordinate the design, construction and funding
- who are the parties to the infrastructure arrangement
- the area that the infrastructure arrangement will apply to.

The Act classifies infrastructure types into three categories:

Basic infrastructure¹ – is the types of infrastructure that can be covered by a basic infrastructure scheme.

Essential infrastructure² – is the type of infrastructure that can be covered by a general infrastructure scheme.

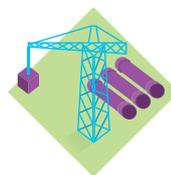
Prescribed infrastructure³ – is the types of infrastructure under a general scheme that requires the State Planning Commission to undertake consultation and provide advice to the Minister at the scheme approval stage. The Minister for planning must have 100% land owner support to approve a contribution for prescribed infrastructure. Refer to section 4 of this report.



¹Defined under section 162 of the Act. ²Defined under section 3 (1) of the Act. ³Defined under section 169 (21) of the Act

Table 1: Types of infrastructure and their classification under the Act.

Infrastructure Type	Infrastructure Classification
Roads or causeways, bridges, culverts associated roads	Basic Infrastructure
Storm water management infrastructure	Basic Infrastructure
Embankments, wells, channels, drains, drainage, earthworks connected with infrastructure	Basic Infrastructure
Water infrastructure and sewerage infrastructure (Water Industry Act 2012)	Basic & Essential Infrastructure
Communications networks	Basic & Essential Infrastructure
Electrical Infrastructure	Basic & Essential Infrastructure
Gas Infrastructure	Basic & Essential Infrastructure
Transport networks or facilities	Essential Infrastructure
Testing or monitoring equipment	Essential Infrastructure
Coast protection works or sand replenishment facilities	Essential Infrastructure
Health, education or community facilities	Essential & Prescribed Infrastructure
Police, justice or emergency services facilities	Essential & Prescribed Infrastructure
Public open space	Not defined as infrastructure Refer to open space contribution scheme & planning and development fund
Other infrastructure etc. defined by Regulations	Essential & Prescribed infrastructure
Public transport	Prescribed infrastructure



Cost your proposal

For guidance on costing your proposal please see the level 3 estimates in DPTI's 'Estimating Manual', which are considered an appropriate level of planning, concept design and cost estimating for infrastructure:

See: www.dpti.sa.gov.au/__data/assets/pdf_file/0003/173532/Estimating_Manual.pdf

The Department of Treasury and Finance's 'Guidelines for Evaluation of Public Sector Initiatives' are likely to be used in the assessment of the scheme in terms of whether the state provides funding and would also be a useful source of information:

See: www.treasury.sa.gov.au/__data/assets/pdf_file/0004/1768/ti17-guidelines-part-a.pdf.

Public open space and offset schemes

It should be noted that public open space is not defined as infrastructure under the Act as the Act carries over the existing arrangements for the open space contribution scheme and planning and development fund. The 12.5% open space requirement for more than 20 allotments and a money contribution for land division of 20 allotments or fewer at development authorisation stage will continue. These arrangements will be an offset scheme under the Act.

It is acknowledged however, that the provision of the 12.5% open space in the master planning of an area may be incorporated with the discussions and negotiations on the infrastructure, particularly in developer and council discussions. Stormwater provision and easements for infrastructure may also have connections with the resolution of public open space.

Offset schemes can also be used by councils or Joint Planning Boards to establish a scheme that facilitates delivery of 'provide or pay' contributions in the public interest by new development in particular locations. This will include the existing open space contribution scheme, urban tree fund and car parking fund. These discussions may occur alongside the co-ordination and delivery of an infrastructure scheme.

Consider the development scenarios against the state's strategic directions

Prior to committing to the infrastructure project, it is important that proponents take account of the state's strategic directions and the relevant development policy.

Infrastructure Schemes should be prepared only if the development is consistent with:

- Regional Plans and State Planning Policies
- the Planning and Design Code and any proposed amendments
- infrastructure proposals consistent with design standards.

Refer to the SA Planning Portal for information on the above.

If a proponent is unsure about their proposal's alignment with any of the above they should contact the Development Division of DPTI.

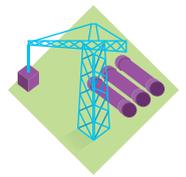
1.4 Choose the tool to deliver your infrastructure

When the scope of the infrastructure is understood, the tool for its delivery needs to be identified.

There are different ways to deliver infrastructure depending on the scale of the development, the type and complexity of infrastructure to be provided, and the number of landowners. To assist in choosing the right tool for delivering infrastructure refer to the summaries of available infrastructure tools on the following pages.

TOOLS FOR DELIVERING INFRASTRUCTURE





INFRASTRUCTURE TOOL:



The Development Assessment process enables the assessment of infrastructure requirements for:

Land division applications the requirements for infrastructure are prescribed through the statement of requirements for the land division consent. These outline the requirements for the developer (including payment of costs) prior to receiving the land division certificate.

Land use applications the infrastructure requirements for a proposal should be part of land use applications, particularly where the scale of the project will require increased infrastructure. Development will need to be developed in accordance with the approved plans and the conditions of approval.

This tool is appropriate for:

- covering the costs for the augmentation of electricity, water and sewer into existing systems and council infrastructure such as linking into storm water infrastructure, local roads and crossovers.
- for major developments such as large tourism facilities or marinas, the infrastructure forms part of the investigations and assessment of the application and is reflected in the approval documentation and conditions.

Benefits

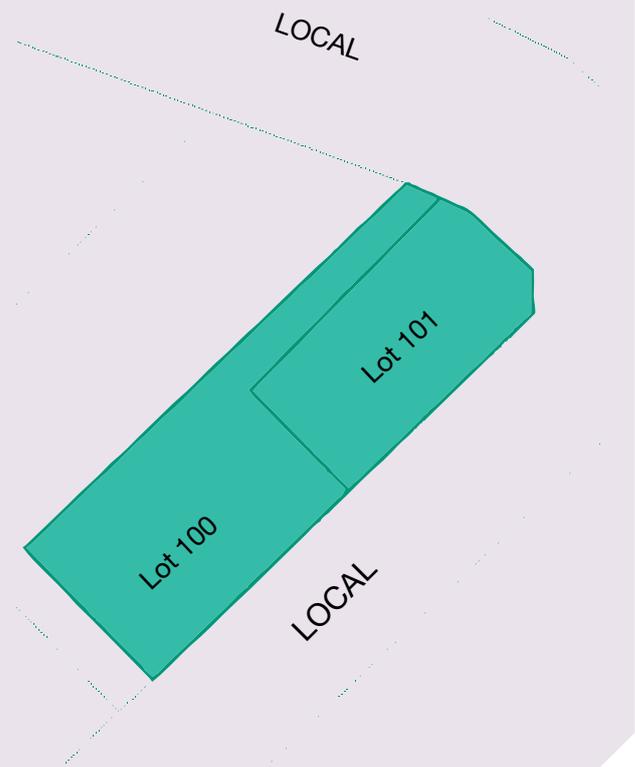
- This is the simplest way to manage infrastructure requirements. The applicant is responsible for developing this infrastructure or for pay a set fee for the required infrastructure to be developed.
- The infrastructure provisions needs to be consistent with the Planning and Design Code and Design Standards.

Challenges

- This tool cannot be used to require infrastructure that is not part of the site, such as upgrades to downstream roads, drainage and footpaths.

RECOMMENDED FOR SIMPLE LAND DIVISIONS

(1-5 allotments)



INFRASTRUCTURE TOOL:



An Infrastructure Agreement (IA) or deed is a legal agreement that sets out the terms under which the landowner pays a monetary contribution to the council, State Government or developer for funding infrastructure.

A Land Management Agreement (LMA under section 122 of the Act) is a formal agreement between a council and/or a state agency and a landowner that regulates the development, management, preservation or conservation of land. The function of LMAs may include preserving important vegetation, controlling the way buildings or land may be used, guiding the future development of the land, or preserving attributes located on a property. LMAs come into effect by note on the Certificate of Title.

LMAs can bind the IA to the land so if the land is sold (before it is developed and the contribution is paid) the new landowner will be bound by the obligations in the IA, even if they were not party to it.

This tool is appropriate for:

Development agreements at either the rezoning or development assessment stage with:

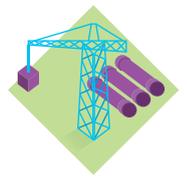
- energy and/or water and sewerage providers when major trunk works are required
- the state government for developing off-site road infrastructure such as slip lanes and traffic lights to facilitate new development
- councils for the development of off-site council owned infrastructure such as local roads, storm water or public realm upgrades.

Benefits:

- This approach works well in a rezoning where there are a limited number of landowners and the infrastructure and interventions are well known.
- A rezoning can still occur if the full development outcome of the land is unknown. An interim deed can be used at the rezoning stage, when the requirements for the off-site infrastructure cannot be fully estimated and costed.
- The costs of the infrastructure can be attributed across multiple landowners through separate deeds.
- The timing of the payment depends on the deed and therefore the landowner does not have to pay until the development occurs.
- The LMA is entered into the certificate of title ensuring that it applies when land is sold.

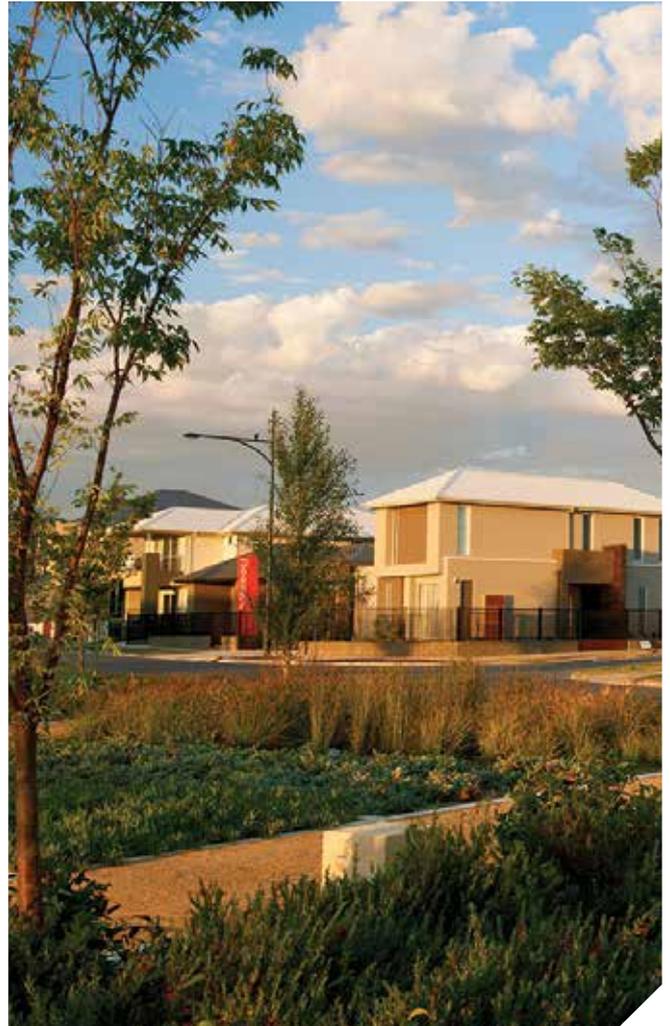
Challenges:

- For expansive areas of rezoning with multiple landowners and/or multiple infrastructure interventions this can be a difficult, complex and costly exercise.
- All landowners need to agree to the Land Management Agreement, and if they don't it results in cookie cutters or staged rezoning where some land is not rezoned.

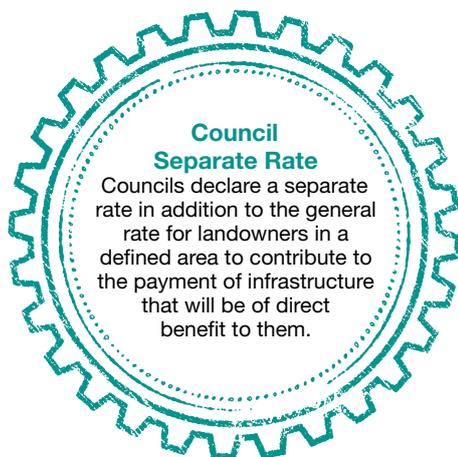


RECOMMENDED WHERE:

- The area is contained
- There is a small number of landowners to negotiate with
- The infrastructure being proposed is not overly complex.



INFRASTRUCTURE TOOL:



Under the Local Government Act 1993, Councils may declare a separate rate on a part of a council area, for the purposes of planning, carrying out, making available, supporting, maintaining and/or improving an activity. The activity must be of benefit to occupiers, visitors and the property owners who pay the rate, in addition to the land itself. The payment is added to council general rate over a period to be determined.

This tool is appropriate for:

- at the rezoning stage for the recovery of costs of council infrastructure such as local roads and storm water where there are multiple land owners and a restructured urban form is required after a rezoning process.

For example the rezoning an established rural living area to a residential zone where a realignment of allotments is required, affecting local roads, storm water disposal and/or where open space needs reworking.

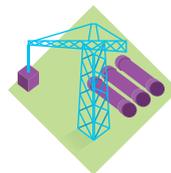
- for funding and development public open space.
- main Street and retail precinct public realm upgrades.

Benefits:

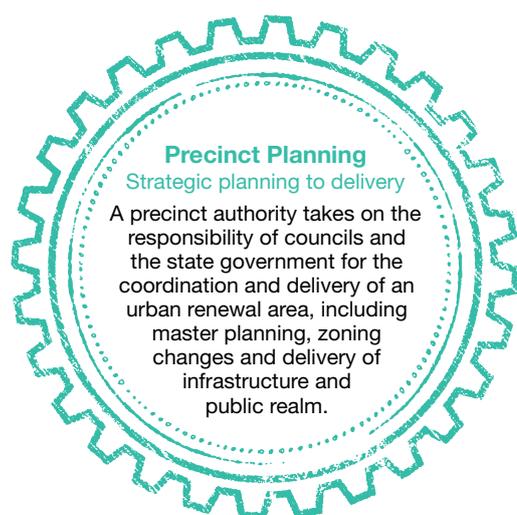
- Councils can rejuvenate areas such as retail precincts with funding received by those (eg business owners) who will benefit from the work.
- Landowners are consulted on the proposed separate rate but they do not have to agree.
- A separate rate does not have to occur alongside a rezoning.
- The collection of money can be done over time and not as a one off charge.

Challenges:

- There are often political challenges with applying a separate rate.
- Separate rates must be reviewed every year, so there can be a lack of certainty that all the money will be recouped over the given period.
- Property owners may disagree with the rate and the benefit being received.



INFRASTRUCTURE TOOL:



Precinct planning under the Urban Renewal Act 1995, enables a partnership of stakeholders to ensure a coordinated approach and delivery of innovative and high-quality urban spaces for infill projects.

In developing a precinct, the Minister for Housing and Urban Development declares an area as a precinct and appoints a precinct authority. The authority takes on the responsibilities of council and state government for those activities agreed to by the Minister, which can include all parts of the development process for the precinct from master planning and zoning changes to the delivery of the infrastructure, community facilities and public realm improvements, and making decisions on development applications.

For more information about precinct planning refer to: www.sa.gov.au/topics/planning-and-property/planning-and-land-management/about-the-planning-strategy-for-south-australia

This tool is appropriate for:

projects with most of the following characteristics:

- private and government partnerships may be required
- significant infrastructure coordination is necessary
- land can be in single or multiple ownership
- there is a long term vision for a master planned community to be developed in stages
- there are multiple stakeholders
- a high level of public realm and design outcomes are desired
- local community involvement

Benefits:

- Can enable complex planning proposals to be developed in a co-ordinated way from starting at the strategic planning stage to the enabling the delivery of development and the public realm.
- Can apply to a whole range of infrastructure and includes open space and the public realm.
- Can utilize a range of funding arrangements including through a rate, levy or charge.

Challenges:

- The establishment phase for the precinct scheme is longer than other mechanisms but there are multiple benefits at the completion of the process (i.e approval authority, infrastructure resolution, collection of rates and revenue and other administrative processes).

WHY CHOOSE AN INFRASTRUCTURE SCHEME?

There are two types of infrastructure schemes:

Basic infrastructure schemes, which are used to provide infrastructure to support, service or promote significant development within a ‘**designated growth area**’.

General infrastructure schemes, which are used to provide essential infrastructure to facilitate significant development or urban renewal.

The benefits of Infrastructure Schemes are:

- infrastructure is fully costed and financed
- infrastructure delivery is staged with the development
- costs are fairly distributed to landowners
- the process is transparent for councils, developers and landowners
- agreements are in place before rezoning and/or development.
- they can apply to a wide range of projects:
 - large-scale developments with complex infrastructure issues and multiple owners
 - urban regeneration and infill areas
 - works across council boundaries
 - transfer of assets and ongoing maintenance
 - developing and infill areas not just as a consequence of a rezoning proposal or a development proposal

When can Infrastructure Schemes start being used?

Elements of the new planning system are being activated in stages due to the need to commence some elements before others.

The provisions for basic schemes in the Act are currently active, once regulations are proclaimed in early 2019 the Minister can start initiating basic schemes. In the meantime proponents can start the pre-initiation stages.

The provisions for general schemes have yet to be made active. Prior to activating these provisions the Act requires (refer to section 245) that the Commission conducts an inquiry to investigate alternative schemes for the provision of essential and prescribed infrastructure and make recommendations to the Minister about whether the schemes should be adopted in South Australia. This inquiry must commence sometime after the 1 April 2019 (two years after commencement of the Act). The General Schemes provisions can come into operation after the Commission’s report has been laid before both houses of Parliament.

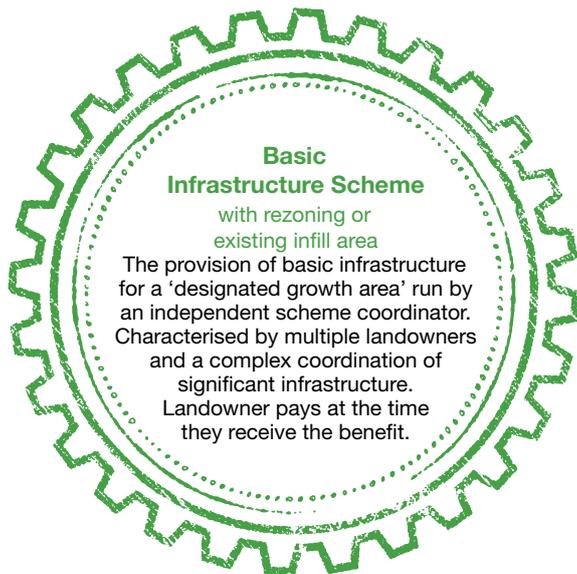
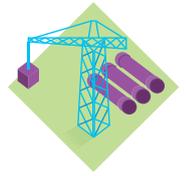


DESIGNATED GROWTH AREA

A designated growth area can be defined through the preparation of a regional plan and the preparation of strategic work such as a structure plan or masterplan to inform rezonings.

The area can be a significant greenfield development area, an existing area being transformed or an urban renewal area.

All land within the designated growth area should need the infrastructure being provided to enable it to be developed as intended/proposed by current policy or proposed policy amendments.



BASIC INFRASTRUCTURE SCHEMES

Basic infrastructure schemes apply to areas defined as a 'designated growth areas' for the provision of infrastructure essential for the development (i.e. required to make it liveable) such as water, sewerage, gas, electricity, telecommunication, roads, bridges and storm water management.

Basic infrastructure schemes provide a one-off charge placed on the land within the designated growth area payable at the time the benefit is realised. This is applied when land is subdivided (e.g. new allotments are created either through the division of a previously greenfield site or urban infill and consolidation) or a development is undertaken (e.g. allotments are sold or building or construction work commences). There is no need to pay the charge if the owner has no intention to develop the land.

It is possible that one area could have a basic scheme and a general scheme to cover off on different infrastructure requirements.

This tool is appropriate for:

- an area of growth is identified through the preparation of a regional plan or other
- strategic plan such as a council or developer driven masterplan or structure plan.

Examples

- rezoning a large area of fragmented horticultural land, vacant industry land or rural living for a new residential neighbourhood.
- rezoning for a suburban infill area where the increase in infrastructure is dependent on multiple landowners deciding if and when to redevelop and the infill will reach a point where infrastructure need will exceed infrastructure supply leading to significant infrastructure costs.

Benefits:

- By commencing an infrastructure scheme prior to rezoning provides certainty for land owners that they can develop in accordance with the intent of the rezoning and the necessary infrastructure will be provided for. It ensures that land owners/perspective purchasers are not paying more due to land value increase without being able to be developed.
- The scheme can be initiated without land owner agreement enabling rezoning to proceed as intended. The land owner does not pay a charge until the benefit is realized.
- Once initiated the scheme is developed by an independent scheme co-ordinator. The process involves extensive consultation with landowners.

Challenges

- To develop a basic scheme extensive information about the proposed infrastructure and costing is required up front.
- The process to develop a scheme is extensive and other infrastructure tools may be more straightforward and effective.

EXISTING SCHEME:



BASIC SCHEME:



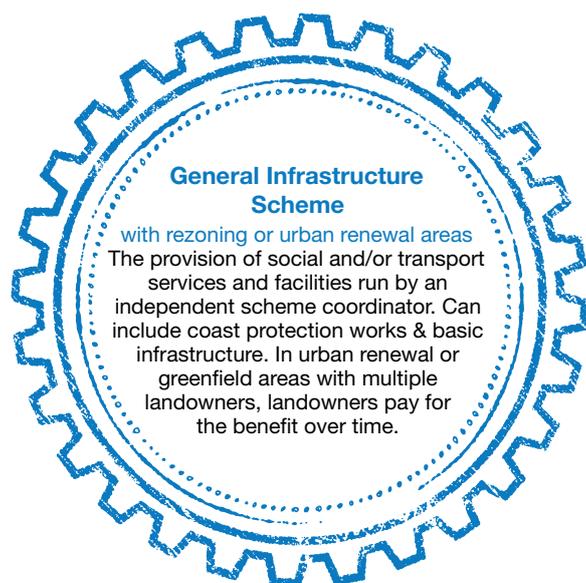
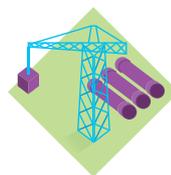
The benefits of infrastructure schemes

Without the ability to use infrastructure schemes, co-ordination of infrastructure prior to rezoning approval for large fragmented areas of land is limited to the use of Land Management Agreements and Infrastructure Agreements. This takes considerable time and costs to undertake and requires all land owners to agree and sign individual LMAs.

This prolongs the rezoning process and where land owners do not agree, it has resulted in 'Swiss cheese' or 'cookie cutter' zoning which refers to parcels of land not been rezoned due to the lack of LMA whilst the surrounding land is rezoned. It also results in the unnecessary staging of rezonings. Infrastructure schemes enables the whole land to be rezoned whether

the land owner agrees or not. The land owner does not have to be involved in any of the process or pay any costs until they are ready to divide their land.

In addition, infrastructure schemes enable the costs of infrastructure to be shared equitably between land developers. In current circumstances, land developers can hold future urban growth land from development for a significant amount of time whilst the developer choosing to develop first is required to pay for the upfront trunk infrastructure. The holding developer has the benefit of using the trunk infrastructure and paying only augmentation costs in the future. An infrastructure scheme can ensure the holding developer contributes to the costs of the trunk infrastructure in the future.



GENERAL INFRASTRUCTURE SCHEMES

General infrastructure schemes involve landowner contributions over a period of time to cover the cost of prescribed infrastructure in a 'contribution area'. A contribution area is likely to cover new urban areas but also could apply to areas undergoing significant urban renewal.

Prescribed infrastructure includes health, education and community facilities; and infrastructure related to the provision of public transport, police, justice and emergency services.

A contribution for prescribed infrastructure (refer to table 1) requires 100% landowner support.

A general infrastructure scheme could also be used to obtain federal funding and other funding sources.

The requirement for persons within a contribution area to make or begin to make contributions relates to the time the benefit is realised. For example, this could be the time at which the land is divided, a change to the Planning and Design Code, or an approval for the undertaking of the development.

Councils are responsible for making the contribution specified by the Minister. The Minister determines the share of each council in consultation with the council and the scheme coordinator. The Act prescribes

how contributions can be shared between councils and the instalment of payment. Councils are then responsible for reimbursing themselves by placing a charge on the rateable land in the contribution area.

This tool is appropriate for:

- new greenfield urban areas, but also could apply to areas undergoing significant urban renewal and population increase, and where social services and public transport are underprovided.
- situations where the infrastructure benefits a large number of landowners and therefore the contribution is spread across a larger amount of people.

Examples:

- Large urban expansions on the urban fringe that require services such as schools and emergency services.
- A regeneration area where an increase in population demands increased public transport use (such as tram provision) or a school.
- An infill area where the infrastructure works are required over time as the infill occurs.
- Coastal areas where private land will be significantly affected by coastal erosion unless remediation works are established.

Benefits:

- General schemes can apply to social infrastructure and areas that are going through change but need an infrastructure upgrade, improvement or new facilities in response to this change. Contributions from the community can occur over a time period.

Challenges

- An inquiry must be finalized prior to a general scheme being activated under the act.
- All landowners must agree for a contribution for prescribed infrastructure. For other forms of infrastructure the landowner does not have to agree.
- Landowners may not agree with the changes occurring. There can be a delay between payment of the contribution and receiving the benefit.

ONCE AN INFRASTRUCTURE SCHEME IS CHOSEN, WHAT'S NEXT?

1.5 Preparing the scheme proposal

If an infrastructure scheme is the chosen option, the proponent will need to provide a proposal for initiating the scheme to the Minister. The proponent can be an individual entity/organisation or a group such as two or more councils or a council and a developer.

The proponent may consider it necessary to bring in a suitably qualified and experienced consultant to help in developing the proposal.

The Act prescribes the information required in the proposal to the Minister. This includes:

- details about the development the infrastructure will support, service or promote and why the development is significant

- details of the proposed infrastructure requirements and their purpose
- details about the designated growth area or contribution area
- assessment of the infrastructure's alignment with state planning policy
- outline of funding options
- benefit cost analysis demonstrating that the scheme is reasonable, necessary and efficient
- the proposed implementation strategy.

The **Infrastructure Scheme Proposal Template** (refer to SA Planning Portal) should be used to prepare a scheme proposal. It provides greater detail about the information required in preparing the proposal.

Once prepared, the scheme proposal should be sent to the Minister for Planning through DPTI.

FUNDING ARRANGEMENTS FOR CHARGE OR CONTRIBUTIONS

For both schemes, considerable infrastructure may need to be constructed prior to the charge or contribution being payable to the infrastructure provider. In addition, there may be circumstances where a council may fund infrastructure that does not belong to them. An example of this is when a council carries out, or funds, work for the undergrounding of power.

There are multiple ways that Councils and the private sector can access funds and borrowings. Further work is being undertaken to investigate the options available and once more fully understood the toolkit will be updated.

In addition, further work is being undertaken to ensure that borrowing costs, including interest incurred prior to the charges or contributions being received can be included in the definition of reasonable capital costs.

OTHER TYPES OF FUNDING ARRANGEMENT

Revenue and funding for infrastructure scheme projects does not have to occur via the collection of charge or contribution. Funding arrangements may be structured in multiple ways, for example:

- Public or private sources
- Exemptions from local government or state taxes, levies or rates
- A charge or an amount imposed, collected, rebated or adjusted according to a determination of ESCOSA
- Works undertaken on an 'in kind basis'

The delivery of an infrastructure scheme may involve one or more types of funding arrangements.



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STAGE 2- MINISTER INITIATES SCHEME & PROPONENT PROVIDES DETAIL

2 MINISTER INITIATES SCHEME & PROPONENT PROVIDES DETAIL



2.1 Initiation of an infrastructure scheme

On receipt of an infrastructure scheme proposal, the Minister is required to seek the advice from the State Planning Commission in deciding whether to initiate the scheme. The Commission must consider any relevant State Planning Policies, regional plans and the relevant provisions of the Planning and Design Code or proposed amendments.

The Minister will then decide whether to proceed to initiate a scheme. If the decision is to proceed, the Minister will seek a draft outline of the scheme from the proponent.

2.2 Preparing the outline of the scheme

In preparing the outline of the scheme, the proponent will need to provide more detail than outlined in the original proposal. Refer to the Infrastructure Scheme Outline Template (refer to SA Planning Portal).

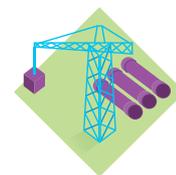
At this stage, the Act prescribes several checks and balances that the Minister must consider in initiating a scheme. This may be done through a detailed infrastructure master plan. The proponent may use consultants to assist with the information requirements and facilitate negotiations.

At this stage, the following information is required:

- clearly defined infrastructure and costs
- the proposed staging of the various elements of the scheme
- the costs and benefits of the scheme
- the proposed funding arrangements
- information about the person or body carrying out the work
- the infrastructure or other assets that will be transferred to another entity when the scheme is complete.

The proponent will need to demonstrate that the infrastructure is:

- 'fit for purpose' and not 'gold plated' capable of adaptation as standards or technology change over time
- capable of being augmented or extended to accommodate future growth or changes, including being designed to build capacity for the future and allowing for connections, extension or augmentation by others
- designed and built to standard including any design standards under the Act
- capable of being procured and delivered in a timely manner to facilitate and promote orderly and economic development.



GOLD PLATING

Minimising 'gold plating' seeks to ensure that people get the best value from the infrastructure project.

Gold plating is the term used to describe infrastructure that is designed to higher standards and specification than required. This leads to over-engineering which can escalate costs.

Sometimes assets are gold plated as an easy way to eliminate any risks and cater for any future scenarios or for the purposes of additional revenue raising.

FIT FOR PURPOSE

Assets should be fit for purpose and efficient. This means that the engineering is designed for that circumstance and climate. Fit for purpose requires planning for, and understanding, the conditions of the land in question as well as the likely future scenarios.

In relation to a designated growth area for a basic scheme the following additional information is required:

- Specific property, ownership, landuse and zoning details
- Details about how the area or areas will benefit from the basic infrastructure
- The extent to which it is possible to establish an area that will provide fair and sufficient funds over time
- The extent to which the designated growth area may overlap with a contribution area as part of a general scheme.

In relation to a proposal for collection of contributions in a contribution area (general scheme) the following additional information is required:

- Specific property, ownership, landuse and zoning details
- Other sources of funding that could be used
- How the scheme will impact on the council, taking into account any infrastructure or other assets that might be transferred to the council when the scheme has been completed
- The benefit of the infrastructure on the development potential, capacity, use, value or amenity of the land, and the benefit to the people making the contribution
- Any infrastructure schemes or infrastructure arrangements that are already in place or are planned, and any works being undertaken in the area.

The **Infrastructure Scheme Outline Template** (refer to SA Planning Portal) should be used to prepare the scheme outline.

Once prepared, the scheme outline should be sent to the Minister through DPTI.

2.3 Minister consults on the scheme outline

The Minister will assess the outline of the scheme to ensure it meets the requirements and will commence the legislative consultation process with the assistance of DPTI, as follows:

Basic infrastructure schemes

- Consult with the landowners of the designated growth area and the developers.
- If a council has not lodged the proposal, the Minister is also required to consult with the relevant council(s).

General infrastructure schemes

- Consult with the landowners directly affected by any infrastructure or works.
- If a council has not lodged the proposal, the Minister is also required to consult with the relevant council(s).

It is expected that the proponent would have already consulted the above stakeholders in developing the proposal and the draft scheme.

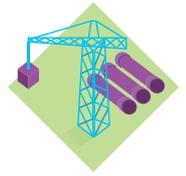
The Minister will consider the submissions received and may request further amendments to the scheme outline and further information to support the scheme.

2.4 Minister decides on the scheme outline

Once satisfied with the draft outline scheme, the Minister will publish it and his/her advice on the SA Planning Portal and in the Government Gazette.

The Minister will then request the Chief Executive of DPTI to appoint a scheme coordinator.





STAGE 3– SCHEME COORDINATOR PREPARES THE SCHEME

3

SCHEME COORDINATOR PREPARES THE SCHEME

3.1 APPOINT

Chief Executive of DPTI appoints the scheme coordinator.

3.2 PREPARE

Scheme coordinator prepares detailed scheme (governance model, insurance, funding model etc).

3.3 CONSULT

Scheme coordinator consults on the scheme in accordance with the Community Engagement Charter.

3.4 REPORT

Scheme coordinator reports to the Minister on the detailed scheme and outcomes of engagement.

3.1 Appointing a scheme coordinator

The Chief Executive of DPTI is responsible for appointing a scheme coordinator. A scheme coordinator can be an individual or a committee with a range of expertise. The Chief Executive must receive agreement from the State Planning Commission on the appointment.

The scheme coordinator may have assisted in the initiation of the project or a different scheme coordinator may be appointed at this stage.

To enable prompt consideration of the scheme, the Chief Executive will have a preselected panel of scheme coordinators.

The scheme coordinator must act fairly and with integrity and in good faith without fear or favour. A code of conduct has been prepared for the scheme coordinator.

3.2 The scheme coordinator prepares the scheme

The Scheme Coordinator will work with the proponent and the stakeholder liaison group in preparing the scheme and engaging with stakeholders.

The Act prescribes that the role of the scheme coordinator in preparing the scheme is to:

- prepare scoped and costed proposals for the scheme that accord with any relevant design standards

- develop a work program for the scheme
- develop the funding arrangement, if proposed
- consult in accordance with the Community Engagement Charter
- make amendments to the scheme as requested by the Minister.

Once these tasks are completed, the scheme coordinator will prepare a report for the Minister on the draft scheme and the outcome of its activities (including engagement processes, feedback received and evaluation of engagement).

In doing the above the scheme coordinator:

- coordinates and manages all parties' relationships and responsibilities
- oversees or completes the master planning and project planning
- negotiates and agrees with key stakeholders on the scope of works, sets contract specifications and coordinates the delivery against an agreed plan and timing against an agreed schedule
- negotiates the infrastructure requirements, including standards, with an obligation to minimise any perceived 'gold plating' by authorities
- determines the apportionment of the charge or contribution from and between landowners, developers, councils and state government

- determines the indexing metric
- manages the formation and implementation of the scheme deed
- allows interim works to proceed to meet low initial demand for services and to assist cashflows
- arranges rebate payments to approved parties from the established scheme fund
- convenes stakeholder meetings to resolve issues.

3.3 The scheme coordinator consults in preparing the draft scheme

The Act prescribes that the scheme coordinator must consult in accordance with the **Community Engagement Charter**. The Charter requires engagement to be fit for purpose and early in the process. The scheme coordinator will need to prepare an engagement plan identifying the impacted and interested stakeholders and decide how these stakeholders need to be engaged during the preparation of the scheme. This engagement plan can also recognise engagement activities that may have occurred in the process to date, including by the proponent. Refer to: www.saplanningportal.sa.gov.au/planning_reforms/new_planning_tools/community_engagement_charter

Scheme coordinator's considerations

In developing funding arrangements (either an imposition of a charge or collection of contribution) the scheme coordinator needs to ensure that:

- The charge is limited to recovering the **reasonable capital costs (see box below)** of the infrastructure.
- The charge does not have an excessively adverse impact on:
 - the development of a designated growth area
 - housing or living affordability within a designated growth area or contribution area
 - employment, investment or economic viability associated with a designated growth area or contribution area.

In relation to a funding arrangement including an imposition of a charge for a designated growth area:

- charges are payable (or commence to become payable) at a specified time such as the depositing of a land division plan or the undertaking of an approved development.

In relation to a funding arrangement that includes the collection of contributions for a contribution area:

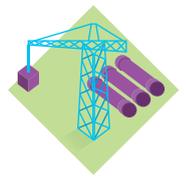
- the collection of contribution should be timed with the production or delivery of the infrastructure that the contributions relate to
- funding may seek to attribute costs over the lifetime of the relevant infrastructure or may be based on contributions that become payable at a specified time, such as the depositing of a land division plan, a change to the Planning and Design Code, or the approval or undertaking of a development.
- augmentation charges should be shared between beneficiaries in proportion to the benefit they receive.

In all circumstances:

- arrangements must recognise the need to provide value for money
- rebates can be available in appropriate circumstance
- exemption of imposing the charge can be considered.

REASONABLE CAPITAL COSTS

- The costs for delivering the infrastructure must not be excessive or unreasonable.
- The Scheme Coordinators costs can be incorporated in the capital costs.
- Capital costs do not include ongoing costs such as future renewal, maintenance or replacement of infrastructure as future rate revenue will cover these.



ROLE OF ESCOSA

The Essential Services Commission (ESCOSA) is an independent economic regulator established under the **Essential Services Commission Act 2002**. ESCOSA's objective is the 'protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services.'

ESCOSA is a statutory authority which providing advice to the Government of South Australia and acts independently and objectively in performing its functions and exercising its powers.

In relation to charges and other contributions for infrastructure schemes, ESCOSA has a role in reviewing charges and determining the amount that can be charge. This enables them to take a role if the charges proposed are not reasonable for consumers. They are also involved in the indexing of charges, setting of rates, and arranging the periodic review of charges.



STAGE 4 – MINISTER & GOVERNOR APPROVE

4

MINISTER & GOVERNOR APPROVE

4.1 DECIDE

Minister decides on the scheme. For a prescribed infrastructure he/she considers Commission advice and the approval of all private landowners.

4.2 DECIDE

Governor considers funding arrangements. Funding arrangements are approved by notice in the Government Gazette.

4.1 Decision to proceed with a scheme

On receipt of the scheme coordinator's report, the Minister will determine whether to:

- proceed with the scheme as is
- proceed with any amendments, exclusions or inclusions. If this occurs the amendment is referred to the scheme coordinator to reconsider
- not proceed with the scheme.

If the Minister decides to proceed the scheme (refer to below in relation to contribution funding arrangements), the final outline of the scheme will be notified in the Government Gazette and published on the SA Planning Portal.

The scheme coordinator's report will also be published on the SA Planning Portal. Information that might disclose confidential or commercially sensitive information will be redacted from the report.

Funding arrangements for prescribed infrastructure in contribution areas

If a contribution is proposed for a contribution area in relation to health, education or community facilities; police, justice or emergency services facilities; public transport; or other infrastructure defined by the regulations; the Minister must refer the funding proposal to the State Planning Commission for advice. The Commission will then consult with:

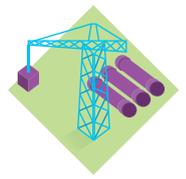
- entities that are involved in providing the infrastructure or developing the land (in the opinion of the Minister)
- the relevant council/s and the Local Government Association
- any other person determined by the Minister.

The Commission will then furnish its engagement report to the Minister setting out the outcomes of engagement and recommendations on the funding arrangement to the Minister.

In making its recommendations the Commission must be satisfied that the funding proposal is:

- fair and equitable
- does not unreasonably disadvantage persons who own small areas of land
- the principles applying to the scheme coordinator and the Minister in considering the scheme have been met.

The Minister must receive approval by all the landowners in the contribution area/s at the time (other than land held, dedicated or owned under the *Local Government Act 1999*, *Crown Land Management Act 2009* or *Urban Renewal Act 1995*) in deciding to approve contributions.



4.2 Decision to proceed with funding arrangements

Once the Minister decides to approve a funding arrangement, he/she will forward a draft funding arrangement to the Governor for approval. The funding arrangement comes into force by notice in the Government Gazette.

The Minister then prepares a report that sets out the funding arrangement and information about any contribution or charge and refers it to Parliament's Environment, Resources and Development Committee. The report will also be published on the SA Planning Portal.

If a rezoning (code amendment) is dependent on a funding arrangement being in place, the rezoning can be approved upon gazettal of the funding arrangement.

4.3 Decision to vary or amend a scheme

The Minister may vary a scheme at any time. This may for example occur as result of the project receiving a Commonwealth grant once the scheme is underway. An amendment to the scheme documentation is then required to reflect the ability to repay and/or to adjust future repayments.

If the amendment is considered a significant change then the Minister must seek the advice of the Commission and consult with the relevant council/s and the landowners before referring it back to the scheme coordinator. The Governor must also approve any amendments to the funding arrangements.

Amendments to a scheme must be notified in the Government Gazette and published on the SA Planning Portal.



STAGE 5- SCHEME COORDINATOR DELIVERS

5

SCHEME COORDINATOR DELIVERS

5.1 DELIVER

The Scheme Coordinator manages the delivery of the scheme.

5.1 Delivery of the scheme

The scheme coordinator is responsible for the delivery of the scheme. He/she:

- oversees the delivery of any infrastructure and works
- administers the funding arrangements
- provides advice to the Minister about:
 - the enforcement of charges for a basic scheme
 - the levels and amounts of contribution that are to be recovered through a general scheme
 - what should happen on the completion of the works.
- advises the chief executive of DPTI about any additional/alternative funding sources that would enable any charges and contributions to be kept as low as possible.

Essential infrastructure delivery

The scheme coordinator should seek to ensure that the essential infrastructure is procured and delivered in a timely manner and at reasonable cost meeting the following principles:

- costs are open and transparent
- design and procurement processes are dynamic, flexible and adaptable to changes within an designated growth area or contribution area
- facilitation and promotion of orderly and economic development, growth and employment.



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Department of Planning,
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