

New ways of planning for infrastructure

The *Planning, Development and Infrastructure Act 2016* (the Act) provides innovative tools that enable new infrastructure to be delivered to our communities through a fair and transparent process.

The tools spread the costs fairly among the beneficiaries and most importantly, will help to renew our neighbourhoods and create the vibrant, safe, healthy and affordable suburbs and places we want to live, work, study and invest in.

Why do we need these infrastructure schemes?

The Basic and General Infrastructure Schemes are new financial tools which will supplement existing arrangements such as planning conditions, deeds and bonding arrangements. They will be used to ensure the infrastructure needed to support new developments, suburban infill or the renewal of neighbourhoods and suburbs is identified, committed, costed and funded beforehand and delivered when and where it is needed.

These schemes can be used to unlock new growth areas on the fringe and replace the need for numerous infrastructure agreements with individual landowners, which is a slow and complex process to administer.

The schemes will also ensure that those who will gain financially from works will pay their fair share of the cost of the infrastructure.

What are the infrastructure schemes and how do they work?

The **Basic Infrastructure Scheme** applies to a defined 'designated growth area' and provides the mechanism to ensure the delivery of infrastructure such as water, sewerage, gas, electricity, telecommunications, roads, bridges and stormwater management which is immediately needed to make a development liveable.

The basic scheme will provide transparency and greater certainty to investors and communities around infrastructure funding arrangements by setting down what type of infrastructure will be provided within an area, who will fund it and when it will be delivered. Infrastructure will be provided in step with the pace of development and delivered when actually needed, not at some time in the future.

Basic Infrastructure Schemes will be particularly useful for the coordinated identification and delivery of infrastructure where there are complex land ownership arrangements, including where there are multiple land-owners thereby precluding the need to use infrastructure deeds (where deeds are not signed, zoning anomalies can occur, creating a 'swiss cheese' effect).

Basic schemes can also extend beyond council boundaries, ensuring that the appropriate infrastructure is delivered in sequence with broader development outcomes.

The **General Infrastructure Scheme** can be used for the delivery of a much wider range of infrastructure which can be prescribed by regulations that are subject to parliamentary scrutiny.

The General Scheme also applies to prescribed infrastructure which includes health, education, community facilities and infrastructure related to the provision of public transport, police, justice and emergency services facilities. A general scheme proposing to deliver 'prescribed infrastructure' requires a 100 per cent opt in by landowners within the contribution area.

General Infrastructure Schemes are an innovative planning tool that has great potential to unlock development and bring forward infrastructure investment. For example, it could be used to assist a willing developer to upgrade the surrounding streetscape of their development, thereby potentially increasing the value of the development. There is also the potential to leverage the general infrastructure scheme to attract other funding sources, such as Commonwealth grants.

General schemes can also be used to facilitate partnerships between all levels of Government and the private sector.

When do charges need to be paid?

The **Basic Infrastructure Scheme** is a one off charge placed on the land within the designated growth area payable at the time the benefit is realised when the land is subdivided (eg new allotments created either through the division of a previously greenfield site or urban infill and consolidation) or development is undertaken (for example, allotments are sold, or building or construction work commences). Therefore, there is no need to pay the charge if you have no intention to develop your land.

The **General Infrastructure Scheme** involves a contribution that is applied to landowners within the 'contribution area' and can be paid over a period of time. The requirement for persons within a contribution area to make or begin to make contributions relates to the point when the benefit is realised which, for example, could include the division of land, a change to the Planning and Design Code, or an approval or the undertaking of the development (such as the construction of infrastructure).

What guarantees are there that this is not just revenue raising – and that it will deliver the required infrastructure?

There are a range of checks and balances in place to ensure that any charge or contribution for infrastructure is aligned with the benefits received. In particular, infrastructure schemes set out what infrastructure will be provided, the standard to which it will be provided (not gold-plated), within what timeframe it will be delivered, and how it will be funded. Significant oversight will also be provided by a range of authorities including Essential Services Commission of South Australia (ESCOSA), the State Planning Commission and Parliament.

In determining the charge on land under a basic scheme the Minister must consult with the affected council or councils and the Scheme Coordinator.

The schemes are also overseen by an independent, suitably qualified Scheme Coordinator who is appointed by the Chief Executive.

What is a Scheme Coordinator?

A Scheme Coordinator is an independent project manager appointed by the Chief Executive of the Department of Planning, Transport and Infrastructure to oversee the implementation of an Infrastructure Scheme. They are responsible for the preparing, scoping and costing the Infrastructure Scheme proposal consistent with any relevant Design Standards, developing a work program and undertaking consultation in accordance with the Community Engagement Charter. Once a scheme is adopted, the Scheme Coordinator is responsible for overseeing the delivery of any infrastructure or works and providing relevant information to the Minister.

The Scheme Coordinator can be a suitably qualified individual, committee or precinct authority.

How will Council's be consulted on infrastructure schemes?

The Minister must consult with the relevant council(s) where a designated growth area is located (basic scheme), and with council(s) whose area is wholly or partly within the contribution area (general scheme), prior to the finalisation of the scheme. Councils will also have a role in identifying designated growth areas through the preparation of the Planning and Design Code.

The Community Engagement Charter will also assist in identifying the relevant consultation processes and methodology for consultation on infrastructure schemes.

What will happen to existing agreements?

The infrastructure schemes are not a replacement process for the existing deed and agreement system and the initiation of a new scheme must have regard to any existing schemes. They are an additional way of identifying, documenting and delivering necessary and strategic infrastructure. Existing infrastructure agreements can remain in place.

Will the infrastructure schemes affect housing affordability?

It is not expected that infrastructure schemes will have any adverse impacts on housing affordability. It will streamline investment and speed up the delivery of land to the market which has the potential to have positive benefits.

In addition, the Basic Infrastructure Scheme will fairly spread the costs among the people who benefit the most from the development - not typically home purchasers as it happens now. This will ensure that a fair share of the profits a landowner or developer obtains from changes to zoning will be spent on community needs.

Unlike other states, the State Government has provided an option for the costs to be paid over long-term horizons (general infrastructure scheme) rather than in one upfront lump sum. This will help create opportunities for financing and help avoid 'gold-plated' infrastructure that can impact on housing affordability for new homeowners.

Statutes Amendment (Planning, Development and Infrastructure) Act 2017

The *Statutes Amendment (Planning, Development and Infrastructure) Act 2017* (the Statutes Act) provides for the initiation of a General Infrastructure Scheme Pilot Project ahead of the current timeframe for general schemes to commence, which is currently set at two years from 28 March 2017.