

Introduction

Following an Expression of Interest process in early 2017, three pilot projects were commenced to test the application and administration of the Infrastructure Scheme provisions under the *Planning, Development and Infrastructure Act* (PDI Act).

The pilot program brought together consultants, councils, landowners and the Department of Planning, Transport and Infrastructure (the Department) to explore the preliminary steps involved in preparing an infrastructure scheme. This preliminary work is now complete.

Outputs

Based on the recommendations of Greenhill Engineers and Stimson Consulting this Outcomes Report has been prepared by the Department, to describe:

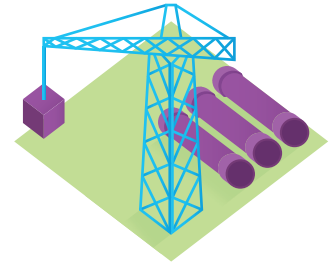
- the progress of, and learnings from the three pilot projects
- a high level summary of key findings and recommendations of the consultants, including:
 - o preliminary work (initiation process)
 - o governance requirements and collaboration
 - o the roles and skill sets of Scheme Coordinators
 - o the potential funding sources for proponents
 - o requirements for the draft regulations.

The following tools have been developed with support from the Planning Reform Infrastructure Reference Group, and the Project Management Advisory Group to assist councils and proponents of development to coordinate growth with infrastructure provision:

- An Infrastructure Schemes Toolkit;
- A suite of templates for the proposal and initiation stages for an infrastructure scheme (including a triage process); and
- Role descriptions for Scheme Coordinators.

Membership of the Planning Reform Infrastructure Reference Group and the Project Management Advisory Group is provided at the end of this report.





The pilot projects

Details about the progress and findings of the three pilot projects is provided below.

1. City of Charles Sturt – Bowden/Brompton

The Bowden/Brompton site is located adjacent to the Renewal SA Bowden Project, and seeks to rezone an industrial area for mixed use development. The proponent for the pilot project was the City of Charles Sturt, who worked in collaboration with the major landowner's representative, and the Department's consultants.

The key infrastructure requirements for this area included:

- new and upgraded road infrastructure
- improvements to the stormwater network
- the upgrading and creation of new parks.

The City of Charles Sturt has also been leading a Development Plan Amendment (DPA) process that seeks to support a mixed use outcome for the precinct. The Minister for Planning will require infrastructure delivery to be resolved through an infrastructure scheme or other mechanism (Deeds) prior to consideration of the final DPA.

At this point in the process, the City of Charles Sturt is considering whether to seek an infrastructure scheme or commence an alternative process with the landowners and State Government to move forward this project. Departmental support will continue to be provided to the Council.

2. Mt Barker District Council – Springs Road

This proposal seeks to resolve funding for transport interventions, including the upgrade of Springs Road; the provision of a new roundabout and access to the Council's sports complex; road widening (including land acquisition); and bridge improvements within the Mt Barker growth area, that was previously rezoned. The proponent for the pilot project was the Mt Barker District Council, who worked in collaboration with the Department's consultants.

At this point in the process, the Council have decided

not to proceed with an infrastructure scheme. In its place they will progress under the existing Deed arrangements, including the establishment by the Minister for Planning of the Advisory Committee that will be independently chaired. Growth areas not covered by the Deed will be progressed through the existing separate rate over the land.

Over time, there might be an opportunity to revisit the management of long-term growth in Mt Barker under an infrastructure scheme, but it will require the agreement of all parties.

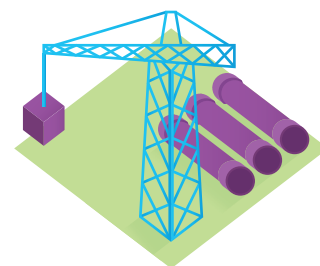
3. City of Port Adelaide Enfield – Kilburn and Blair Athol

This pilot project relates to the rejuvenation and infill of an area of aged public housing owned by Renewal SA as well as some industrial land. A rezoning of the area for this purpose was completed by the Minister for Planning in 2017. The proponent for the pilot project was the City of Port Adelaide Enfield, who worked in collaboration with Renewal SA and the Department's consultants.

The key infrastructure requirements for this area include:

- stormwater infrastructure
- local roads and pathways
- public open space.

Renewal SA and the City of Port Adelaide Enfield have been working together on the preliminary infrastructure planning and funding with the aim of achieving agreement on how the infrastructure requirements can be achieved through an infrastructure scheme. The City of Port Adelaide Enfield has engaged a consultant to prepare the scheme proposal. The Department will continue to support the Council as this proposal progresses.



Learnings from the pilot projects

There were several learnings from the pilot projects, and many of the insights into process, administration, roles and funding have been incorporated into the Infrastructure Schemes Toolkit and Scheme Coordinator role description. There are also some other issues that require further consideration and these are identified below.

The following recommendations are made within the scope of the current legislative requirements. There may be opportunity in the future to review the legislation with a view to fine-tuning the process through further learnings.

The following is a summary of the key learnings from the pilot projects.

Scoping and proposal stage of infrastructure schemes

Throughout the pilot program it was clear that there was an important triage process to go through before embarking on an infrastructure scheme. There are a number of ways to manage infrastructure delivery that should be fit-for-purpose. Put simply, infrastructure schemes are not the only answer.

The early stages of planning should involve a thorough process to match the infrastructure requirements and complexity with the best tool available for delivery. The Infrastructure Schemes Toolkit assists with this triage process, working through the different delivery mechanisms.

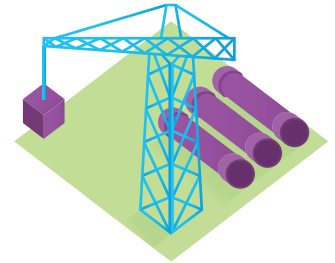
Should an infrastructure scheme be considered the right tool, a clear business case and a review of funding models at the beginning of the scoping stage is essential. Getting the right technical and professional advice is crucial at the initiation stage to assist with the identification of infrastructure requirements and funding arrangements. This all needs to occur prior to the gazettal of an infrastructure scheme. While there is some significant upfront work, such investigations are a necessary part of planning for growth, not withstanding the mechanism used.

Establishing the **governance** of a project is also vital. Whilst the proponent of the scheme can be a council, the State Government or a private developer, the pilot projects demonstrate how important it is to have key stakeholders working together.

Recommendations - Initiation / scoping stage

It is recommended that:

- the Chief Executive of the Department create a panel of approved people from whom to select Scheme Coordinators - depending on the size and complexities of the scheme, a scheme coordinator group may be established to ensure coverage of all expertise required
- a Scheme Coordinator be made available to two of the three pilot projects (for Charles Sturt and Port Adelaide Enfield) to help prepare proposals for the Minister for Planning, should the councils wish to progress to this next stage
- the Minister for Planning appoint an independent Chair for the Mt Barker Advisory Committee to oversee delivery of the Deeds - the Chair should work with the Council and landowners, to move to a more consolidated approach to infrastructure delivery over time
- an across-government infrastructure group to be established to provide a single point of contact to help manage infrastructure requirements for growth areas
- greater clarity be provided on what infrastructure designs/requirements meet the 'fit-for-purpose' test - Design Standards will help in achieving this outcome.



Funding infrastructure schemes

Not surprisingly, the funding arrangements for infrastructure schemes has been the biggest issue requiring further investigation. This is because proponents may have to pay for the upfront ‘reasonable capital costs’ prior to reimbursement through the imposition of charges, or the receipt of contributions. These funding matters are not restricted to infrastructure schemes, and are common where there are multiple landowners, and decisions are needed about who moves first to start the development, and who pays and when. The benefit of a infrastructure scheme is that an independent person or committee negotiates these outcomes (Scheme Coordinator).

There is also a need to fund the Scheme Coordinator, who plays a critical role in bringing together all of the stakeholders to move a project forward.

There are multiple funding options for councils and other proponents to meet these costs. Some options require further investigation if they are to become viable and once fully understood will be provided in the Infrastructure Schemes Toolkit. The timing of governments forward estimates and certainty beyond the estimates is an issue for funding state infrastructure, however should not be a deterrent in preliminary discussions.



Recommendations

It is recommended that:

1. The term ‘reasonable capital costs’ be clarified. To assist with the funding of a scheme by proponents and the State Government it would also be beneficial if this cost includes interest and funding costs for the loans and the cost of the Scheme Coordinator.
2. Clarity be sought from the Local Government Finance Authority about whether different loan approval criteria can be applied to loans for infrastructure schemes due to the agreed repayment structure (similar to community wastewater treatment plants).
3. Discussions continue with the SA Finance Authority about possible funding options.

Next steps

The next steps are to:

- Release the Infrastructure Schemes Toolkit.
- Release the templates for the proposal and outline schemes.
- Advertise for an external panel of providers for Scheme Coordinators.
- Finalise draft regulations for Parliament’s consideration.
- Investigate and progress other recommendations in the Outcomes Report.

Conclusion

The pilot projects were a valuable exercise in putting the legislative framework for infrastructure schemes to the test. The exercise highlighted that resolving the financing mechanisms is essential in making the schemes an attractive infrastructure provision tool. It also highlighted the importance of the early stages of investigations and negotiations being collaborative, and choosing the right infrastructure tool for the right circumstance. The role of the Scheme Coordinator is

also now better understood. Many of the issues that arose can be resolved through practitioner guidance, improved administrative practices and appropriate regulations.

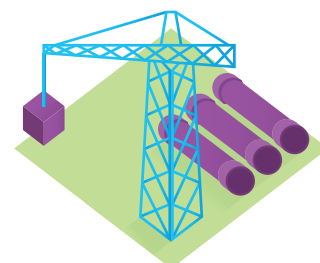
More information about South Australia’s new planning system is available at

www.saplanningportal.sa.gov.au

www.saplanningcommission.sa.gov.au



INFRASTRUCTURE SCHEMES PILOT PROGRAM OUTCOMES REPORT



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