

## SUMMARY



### *Planning leadership*

- + Planners are equipped to lead in shaping the outcomes sought for places and communities undergoing growth and change



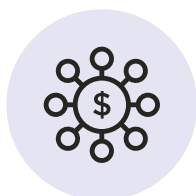
### *Integrated Land Use & Infrastructure Planning*

- + Strategic planning and infrastructure planning must be integrated to achieve adopted outcomes for places
- + Infrastructure project objectives must be consistent with the strategic planning outcomes sought



### *Infrastructure Appraisal & Prioritisation*

- + Achieving these outcomes should inform the prioritisation of infrastructure to be funded
- + Infrastructure appraisal approaches should recognise the spatial context and respond to the wider economic, environmental and social costs and benefits over the long-term term planning horizon and whole-of-life of an asset
- + All available options (eg non-infrastructure) that meet the project objectives should be considered



### *Infrastructure Funding & Value Sharing*

- + An infrastructure funding regime should:
  - be based on planning systems principles, nexus and the fair and proportional sharing of cost;
  - balance contributions obligations for developers with the needs of communities;
  - be transparent, be justified and actioned via a comprehensive infrastructure funding and delivery plan; and
  - be known at the time plans are released
- + Beneficiaries of value generated by infrastructure and related land use changes should provide a share of the funding towards the corresponding investment



### *Infrastructure Delivery*

- + A planning outcome should not be compromised by the project delivery approach – likewise, the opportunity to fund a project should not remove the need for a project to demonstrate planning merit

## INTRODUCTION

Appropriate, efficient and timely infrastructure is essential to achieve affordable and sustainable living conditions in our cities and regions – and to get goods to market. This includes economic infrastructure; such as roads, rail, ports, power and telecommunications; and social infrastructure; such as schools, hospitals, facilities for justice and emergency services, sport and recreation and social and affordable housing.

The role of infrastructure is heightened in places experiencing rapid change. In the context of population growth and ageing, technological transformation and climate change – devising the means to provide infrastructure will continue to be a major national challenge. While each tier of government plays a role providing infrastructure, they need to integrate their planning, funding and delivery responsibilities to enable orderly development and create the most value from the investment for the community.

The achievement of our goals for a community or a place should drive infrastructure planning and appraisal. Funding and delivery mechanisms should work together to meet these goals over the long term. To accomplish this, integrated land use and infrastructure planning is essential to ensure that community expectations are met for improvements to living conditions and economic performance to accompany population growth and change.

## SCOPING THE ISSUE

This position statement concentrates on how we should make the decisions on where and what infrastructure we build and how we plan, fund and deliver it – in ways that support business and achieve sustainable growth. The position statement is informed by the *PIA Discussion Paper: 'Infrastructure and its Funding'*<sup>1</sup>.

PIA is aware that the nature of infrastructure and its market are changing rapidly. The availability of data and digital technology will see greater use and efficiency delivered by our existing networks and asset base<sup>2</sup>. Planning for 'smart' infrastructure is important in ensuring alternative options are considered and that future service paradigms are understood.

In preparing this statement, PIA recognises the range of infrastructure items that fall into the domains of particular funding groups:

- **State / Territory Government:** for development enabling infrastructure for a public good or an asset of broad benefit to the State (via consolidated revenue)
- **Local Government:** for development enabling local and trunk infrastructure which delivers an asset for the local community (via rates)
- **Land owners / developers:** whose proposed development benefits from uplift in land value; or generates trunk, local or on-site infrastructure needs or impacts (via development contributions (state & local), conditions of consent, offsets and development contributions / works-in-kind)
- **Other users:** via user charges (eg tolls, parking fees, access fees)

## PLANNING PRINCIPLES

PIA has developed a position on infrastructure and its funding because this issue is central to achieving several of our planning systems principles<sup>3</sup> – to:

- Foster efficient and effective settlement patterns to promote prosperity, equitable distribution of resources and opportunities
- Integrate infrastructure provision with land use and development; link to funding arrangements
- Coordinate transport planning and investment along with improved mobility and accessibility, to promote alternative forms of movement of people and goods
- Make consistent the conditions under which development will proceed, the rate and scale at which it will take place and the way planning principles and mechanisms will be applied

# PIA PREFERRED APPROACH

## Leadership

*PIA's position is that planners should lead in the formulation of specific spatial outcomes for places and communities undergoing growth and change.*

Planners balance competing positions, closely consider community views and promote the broader public interest.

Planners have an important role in devising and communicating scenarios that take account of growth and change, expressing visions, spatial outcomes and the implications of trade-offs to set realistic infrastructure priorities for communities and businesses. Planners are best equipped to synthesise information, communicate and balance needs among multiple disciplines and diverse stakeholders.

Planners interpret and sequence development needs in ways that define the delivery task for both social and economic infrastructure.

## Policy and Practice

### ***Integrated land use and infrastructure planning:***

*PIA's position is that strategic planning and infrastructure planning must be integrated – each informing the other, working off the same data.*

This means that while spatial outcomes should drive the planning process, they must be conceived in the knowledge of what is possible to service and fund.

Integrated infrastructure planning should:

- Not take a blind approach to addressing a perceived infrastructure 'backlog' – but rather make the best planning and economic choice in response to identified needs and place outcomes
- Be responsive and resilient to long term megatrends – including climate change, globalization, new technology, rise of Asian markets and population growth and aging
- Consider all available options (including non-infrastructure)
- Set individual project objectives in ways which contribute to achieving overall spatial outcomes

PIA sees the role of planning to identify long term infrastructure needs and take a precautionary approach towards land uses that may limit future options. Infrastructure corridor protection and devising productive interim uses of land are important outcomes of strategic planning.

### ***Infrastructure appraisal and prioritisation:***

*It is PIA's position that achieving strategic land use outcomes should inform the prioritisation of infrastructure to be funded.*

Infrastructure appraisal methods should recognise the spatial context and respond to the wider economic, environmental and social costs and benefits over a long-term planning horizon. Infrastructure option appraisal should begin with ensuring that the proposed options align with the desired planning outcomes and take full account of whole-of-life costs.

Once an 'aligned' project is defined, an economic appraisal (eg Benefit Cost Analysis) is a necessary tool to evaluate the performance of options. National and State guidelines on project appraisal should set out consistent methodology for valuing a wider range of social, environmental and economic benefits.

The following planning and governance elements should guide the infrastructure prioritisation process:

- Outcomes for places and communities have been identified
- Long term, integrated infrastructure plans linked to the planning strategy
- Project objectives should reflect the strategic planning outcomes
- An evidence-based source of independent advice on infrastructure priorities is important to assist governments to prioritise investment
- Published full project business cases for major project evaluation – including Triple Bottom Line assessment and wider economic effects
- Community engagement in plan and option development – and post completion reviews of outcomes to maintain community trust and public accountability in the appraisal and prioritisation process

### ***Infrastructure funding:***

*It is PIA's position that an infrastructure funding regime should have a fair and proportional sharing of cost among users and wider beneficiaries of infrastructure.*

Funding and delivery mechanisms should be conceived alongside infrastructure prioritization and scheduling, but not deflect from the achievement of planning outcomes for places.

Infrastructure items should be costed and scheduled to align with major land use change decisions. There should be a process for benchmarking (and indexing) of costs to ensure a fair price. Land use plans should not be released before any value sharing funding regime – to send a clear price signal to inform property deals.

Who pays and in what mix is important in how the planning outcomes embedded in an infrastructure plan for a growth area are achieved.

*It is PIA's position that infrastructure funding mechanisms for an area should strike a balance between: consistent, certain and reasonable infrastructure contributions obligations for developers; and certainty that the new communities will be provided with an acceptable standard of baseline infrastructure.*

The fundamentals for an infrastructure funding are:

- A costed schedule of infrastructure items – with delivery timing linked to land use change decision points
- A transparent process for apportioning the funding mix; involving community, government and property stakeholders

*It is PIA's position that a proposed infrastructure funding regime should be justified and made actionable in comprehensive infrastructure funding and delivery plans.*

### ***Value Sharing:***

*It is PIA's position that value uplift generated by infrastructure investment and changes to land use controls can be shared between the land owner taking development risks and the wider community who risk the impacts to their living, working or business conditions.*

Value sharing (or capture) is an appropriate way of paying for a portion of the corresponding infrastructure investment.

The use of potential value sharing mechanisms should be based on whether they: can deliver planned outcomes (and promote desired development), have the capacity to generate sufficient funds and are fair and efficient. To achieve this, PIA supports the following elements being addressed:

- Beneficiaries of value created by infrastructure should provide a share of the funding towards corresponding infrastructure investment
- There should be an appraisal of the cost of administering a value sharing initiative (eg an agreement) in relation to the scale of funds anticipated
- High standards of probity and transparency should apply to value sharing arrangements (and % share) and the reasoning behind them – these should be published in an adopted policy
- The details of the arrangements and expectations of cost should be predictable and available early – consideration should be given to phasing in; to improve certainty and minimise impact on development feasibility

### ***Infrastructure delivery:***

*PIA's position is that a planning outcome should not be compromised by the project delivery and financing approach.*

Planning has an enabling role in infrastructure project delivery by designing approval processes and development standards and monitoring project approval conditions.

The opportunity to fund, finance and deliver a project should not remove the need for a project to demonstrate merit and deliver a planning outcome consistent with an adopted strategy.

### ***Capacity Development***

PIA support opportunities to raise planners' awareness and capacity to lead or participate in integrated strategic planning for infrastructure and its funding.

### ***Education / Research / Innovation***

PIA supports the inclusion of infrastructure planning, funding and delivery training in planning curricula.

### ***Community Engagement***

Community ownership of the strategic planning outcomes sought for places undergoing growth and change is fundamental to an effective infrastructure planning, funding and delivery process.

### ***Collaboration and Partnerships***

PIA support collaboration on infrastructure and its funding with allied industries and other partners.

## **ENDNOTES**

- 1 Planning Institute of Australia (2017) *Infrastructure and its Funding Discussion Paper*.
- 2 Planning Institute of Australia (2016) *Journey towards Australia @50M, Through the Lens, Megatrends Shaping Australia's Future*.
- 3 Planning Institute of Australia (2013) *Planning Systems Principles* (07/13) and Planning Institute of Australia (2013) *What is good planning?* (09/13).