

<b>Policy Number:</b>	
<b>Policy Name:</b>	<b>Gawler East Development – Infrastructure Funding</b>
<b>Classification:</b>	<b>Public – Council Policy</b>
<b>Adopted:</b>	
<b>Frequency of Review:</b>	<b>Every 4 years</b>
<b>Last Review:</b>	
<b>Next Review Due:</b>	<b>April 2022</b>
<b>Responsible Officer(s):</b>	<b>Manager – Finance &amp; Corporate Services</b>
<b>Policy and Code of Practice Manual File Ref:</b>	<b>CC10/407</b>
<b>Council File Reference:</b>	<b>CR17/52493</b>
<b>Legislation Authority:</b>	<b>Local Government Act 1999</b>
<b>Related Policies and Codes:</b>	<b>Funding Policy Strategic Rating Policy Separate Rates Relief Policy Treasury Management Policy</b>
<b>Related Procedures:</b>	<b>Gawler East Development – Process Flowchart</b>

## 1. BACKGROUND / INTRODUCTION

- 1.1 In 2010, the Minister of Planning rezoned approximately 400ha of land in Gawler East as residential land. This land is contained in the Residential (Gawler East) and Residential Hills Zones of the Council’s current Development Plan.
- 1.2 There will need to be a significant level of infrastructure provided in the Gawler East Development Area to facilitate its orderly development and to meet quality of life issues for future residents. It is intended that developers will partially fund the provision of the infrastructure on the ‘beneficiary pays’ principle.
- 1.3 It is estimated that the following infrastructure will be required:
- 1.3.1 Gawler East Link Road (GELR)
  - 1.3.2 Associated GELR roadworks (deferred)
  - 1.3.3 Community Infrastructure
  - 1.3.4 Traffic interventions (on existing roads)

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- 1.4 The State Government has agreed to construct the GELR through this development area to relieve potential traffic congestion along Adelaide Road and Murray Street by connecting in to Main North Road through a link to Potts Road.
- 1.5 The State Government has committed \$54.4 million for the construction of the GELR. There is an executed deed of agreement between the Council and the State Government (the Gawler East Link Road deed) that the Council will contribute \$8.167 million towards the GELR, with the State's net contribution thereby being \$46.233 million.

### **2. POLICY OBJECTIVES**

- 2.1 To provide guidance to developers (and landowners, as the case may be) as to the circumstances in which the payment of separate rates applied against the Gawler East Development area will be due or otherwise postponed or rebated.
- 2.2 It is intended that the required contributions from developers towards the infrastructure outlined in this policy will be made subject to deeds of agreement.
- 2.2 The guarantee for the contributions required under the deeds will be a Separate Rate levied by Council, rather than a bank guarantee, saving the developer the costs of a bank guarantee but securing the developer contributions over the land as a statutory obligation charge on the land.
- 2.3 To outline the funding mechanism whereby Council will secure appropriate financial contributions from developers towards the provision of infrastructure outlined in clause 1.3 of this policy.
- 2.4 As the life of development required within the Gawler East Development area is expected to be over an extended period, estimated between 10-20 years, an objective of this policy is to also ensure ongoing consistency of the accounting treatment of all financial transactions generated as a result of this policy.

### **3. DEFINITIONS**

- 3.1 **Developable land** shall mean the component of an allotment that is deemed to be capable of having future built development.
- 3.2 **Final form** shall mean an allotment that is deemed to be in its final form and no longer capable of further subdivision.
- 3.3 **Gawler East Development area** shall mean land that is contained within the Residential (Gawler East) and Residential Hills Zones of the Town of Gawler's Development Plan.
- 3.4 **Gawler East Link Road Deed** shall mean the deed executed between the Town of Gawler and the Minister for Transport and Infrastructure on 25 May 2017, which expires on the earlier of 30 years from the commencement date or the date on which all payments under the Deed have been made.

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- 3.5 **GELR** shall mean the Gawler East Link Road
- 3.6 **Minister** shall mean the Minister for Transport and Infrastructure
- 3.6 **Separate Rates** shall mean Separate Rates applied under this policy pursuant to Section 154 of the Local Government Act 1999
- 3.7 **Springwood Development land** shall mean the whole of the land being developed by the developer and being comprised in Certificates of Title Volume 6186 Folio 896, Volume 6186 Folio 895, Volume 6118 Folio 249, Volume 6162 Folio 334, Volume 6167 Folio 581 and Volume 6184 Folio 173.
- 3.8 **'the Act'** shall mean the *Local Government Act 1999*

### **4. PRINCIPLES**

- 4.1 This policy is predicated on the basis that external funding required from developers towards infrastructure outlined in clause 1.3 of this policy will be on the basis of the 'beneficiary pays' principle.
- 4.2 Per new allotment contributions from developers required under this policy will not be due and payable until the associated land is deemed to be subdivided to its final form.
- 4.3 Infrastructure Contributions
  - 4.3.1 Gawler East Link Road
    - 4.3.1.1 The State Government has committed \$54.4 million for the construction of the GELR. There is an executed deed of agreement between the Council and the State Government (the Gawler East Link Road deed) that the Council will contribute \$8.167 million towards the GELR, with the State's net contribution thereby being \$46.233 million.
    - 4.3.1.2 In accordance with the Gawler East Link Road deed, the Council will pay \$2.4m to the Minister (being its contribution towards the upgrade of Potts Road) within 30 days of practical completion of the GELR works.
    - 4.3.1.3 In accordance with the Gawler East Link Road deed, the Council will pay \$500,000 to the Minister (being for contribution pertaining to Springwood Development Land towards the Village Centre connection to Calton Road) no later than 12 months after the practical completion of the GELR works. This financial contribution from Council to the Minister will, at the same time, be funded by a matching financial contribution to Council from the developers of the Springwood Development Land, as direct beneficiaries of the associated capital works.
    - 4.3.1.4 Other financial contributions from Council to the Minister towards the GELR will be funded from developers within the Gawler East Development area from per new allotment contributions payable prior to a certificate in respect of the new

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allotment being issued by the Development Assessment Commission. Thus, such contributions payable to the Minister will only be made as development occurs and development contributions are received.

4.3.1.5 In accordance with the Gawler East Link Road deed, financial contributions received by Council from developers pursuant to clause 4.3.1.4 above will become payable to the Minister on an annual basis on or before 31 July each year. The payment due to the Minister on or before 31 July each year will equate to the associated per new allotment financial contributions received from developers during the preceding financial year.

4.3.1.6 In accordance with objective 2.2 of this policy, it is intended that the contributions from developers towards the GELR, required pursuant to Clause 4.3.1.4 of this policy, will be made subject to deeds of agreement with developers.

4.3.1.7 As a secondary means of security towards securing developer financial contributions towards the GELR, required pursuant to Clause 4.3.1.4 of this policy, the Council will apply, and immediately postpone, Separate Rates pursuant to Section 154 of the Act (refer Section 4.4 below).

### 4.3.2 Deferred Infrastructure associated with the Gawler East Link Road

4.3.2.1 In accordance with objective 2.2 of this policy, it is intended that the contributions from developers towards deferred infrastructure associated with the GELR, will be made subject to deeds of agreement with developers.

4.3.2.2 As a secondary means of security towards securing developer financial contributions towards the GELR, the Council will apply, and immediately postpone, Separate Rates pursuant to Section 154 of the Act (refer Section 4.4 below).

### 4.3.3 Community Infrastructure

4.3.3.1 In accordance with objective 2.2 of this policy, it is intended that the contributions from developers towards community infrastructure associated with the Gawler East Development area, will be made subject to deeds of agreement with developers.

4.3.3.2 As a secondary means of security towards securing developer financial contributions towards community infrastructure associated with the Gawler East Development area, the Council will apply, and immediately postpone, Separate Rates pursuant to Section 154 of the Act (refer Section 4.4 below).

### 4.3.4 Traffic Interventions (on existing roads)

4.3.4.1 In accordance with objective 2.2 of this policy, it is intended that the contributions from developers towards traffic interventions associated with the GELR, will be made subject

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to deeds of agreement with developers.

4.3.4.2 As a secondary means of security towards securing developer financial contributions towards traffic interventions associated with the GELR, the Council will apply, and immediately postpone, Separate Rates pursuant to Section 154 of the Act (refer Section 4.4 below).

### 4.4 Application of Separate Rates

#### 4.4.1 Adoption and Review

4.4.1.1 Separate Rates for the Gawler East Development area will be applied / reviewed on an annual basis over the life of the development, based on completed construction costs and revised estimates. The application of the Separate Rates creates a charge against the respective land.

4.4.1.2 The Separate Rates applied will be considered by Council as part of its Annual Budget / Business Plan deliberations. This policy will be included, by reference or otherwise, within the Council's Annual Business Plan wherever the Gawler East Separate Rates are included in that Annual Business Plan.

4.4.1.3 The value of the Separate Rates applied will reduce, over time, based on developer contributions received over the life of the Gawler East development.

4.4.1.4 Upon receipt of the developer contribution required (either by cash or associated in-kind capital works) relating to an allotment in its final form, whether received pursuant to a deed of agreement or via the application of the Gawler East Separate Rates, the Gawler East Separate Rates will then no longer be applicable to the allotment.

4.4.1.5 The Separate Rates applied will be determined on a proportional basis, based on the quantum of developable land.

#### 4.4.2 Postponement

4.4.2.1 Once applied, the Separate Rates will be automatically postponed, pending future subdivision occurring in its final form within the land captured by the Separate Rate.

4.4.2.2 The Separate Rates will not be subject to the imposition of interest during the period of postponement.

#### 4.4.3 Rebate and Remission

4.4.3.1 Separate Rates applied in accordance with this policy will be rebated and/or remitted in accordance with Council's Separate Rate Relief policy.

#### 4.4.4 Payment

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4.4.4.1 If the separate rates are at any time required to be paid by the principal ratepayer because the Council revokes the postponement, the Council will provide the principal ratepayer with at least 30 days written notice of the revocation.

4.4.4.2 A separate rate that is not subject to postponement or remission under the Separate Rate Relief Policy will be a liability of the principal ratepayer of the land and will be payable in accordance with the rates notice issued by the Council, or as otherwise agreed between the Council and the principal ratepayer.

### 4.5 Accounting for / reporting of Contributions / Separate Rates

#### 4.5.1 Funding received will be accounted for as follows:

4.5.1.1 Funds received towards the cost of construction of the **Gawler East Link Road** will be treated as recurrent operating revenue. As the value of the funds received each year will be due and payable to the State Government by the end of July in the subsequent financial year, the value of the funds received will also be treated as an accrued expense as at 30 June in the financial year during which they were received.

4.5.1.2 Funds received towards future **Community Infrastructure** will be treated as recurrent operating revenue, on the basis that the nature and location of the fixed assets for which the contributions will be received will not be known at the time of receiving such contributions.

4.5.1.3 Funds received towards **Traffic Interventions** will be treated as capital revenue, on the basis that the nature and location of the fixed assets for which the contributions will be received will be known at the time of receiving such contributions.

4.5.1.4 Funds received towards future Community Infrastructure and Traffic Interventions will be allocated to the associated internal Equity Reserve, pending the associated capital works being undertaken, at which time they will be transferred from the Equity Reserve.

4.5.1.5 Funds held in the associated internal Equity Reserve will earn an internal rate of return equivalent to the current 24hr Call Investment rate advised by the Local Government Finance Authority.

4.5.1.6 Internal interest calculated pursuant to Clause 4.5.1.5 will be calculated on a monthly compounding basis.

4.5.1.7 Funds received towards future Community Infrastructure and Traffic Interventions will be managed in accordance with effective treasury management principles outlined in Council's Treasury Management Policy.

4.5.1.8 The reporting of funding received in accordance with this

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policy, whether via developer contributions or Separate Rates applied pursuant to the Act, will be included within Quarterly Budget Reviews and the annual Financial Statements prepared as at 30 June each financial year.

- 4.6 Any person who is aggrieved by a determination of the Council under this policy or by the application of this policy by the Council may seek a review of that decision in accordance with the Council's Review of Decisions Policy under Section 270 of the Act – in accordance with the time limitations set out therein.

### **5. REVIEW AND EVALUATION**

The Policy will be reviewed after each general election of Council, or earlier in the event of changes to legislation or related Policies and Procedures.

The Chief Executive Officer will report to Council on the outcome of the review, and if relevant make recommendations for amendments, alteration or substitution of a new Policy.

The Policy will not be altered or substituted so as to affect a process already commenced.

### **6. FURTHER INFORMATION**

Further information about this Policy can be obtained by:-

Telephone: 8522 9211  
Fax: 8522 9212  
Email: [council@gawler.sa.gov.au](mailto:council@gawler.sa.gov.au)  
Appointment: Town of Gawler Administration Centre, 43 High Street, Gawler East.  
Letter: PO Box 130, Gawler SA 5118

### **7. AVAILABILITY OF POLICY**

The Policy is available for inspection during ordinary business hours at the Council principal office, Town of Gawler Administration Centre 43 High Street, Gawler East or is available on the Council website at [www.gawler.sa.gov.au](http://www.gawler.sa.gov.au).

A copy of this Policy will be provided to interested parties upon request, for a fee as contained in the Register of Fees and Charges.