

Sally Smith
General Manager, Planning and Development
Department for Planning Transport and Infrastructure

22nd February 2019

RE: PRODUCTIVE ECONOMY POLICY DISCUSSION PAPER

Dear Sally,

Thank you for providing the UDIA (SA) with the opportunity to comment on the Productive Economy Policy Discussion Paper (PEP Paper) as part of the current planning reforms consultation process. The UDIA is a member-based organisation representing the urban development sector. Our members include developers, planners, surveyors, architects and many other representatives across the South Australian property industry.

Many of our members feel passionately about the potential of our State and have a very real understanding of how the planning system works. They recognize the importance of industry, governments and regulatory bodies working together to achieve efficient and sustainable urban development outcomes. Well executed urban development projects have significant social, environmental and (importantly) economic benefits that extend beyond individuals to whole communities. The UDIA agreed with the PEP papers attempt to identify future sectors for growth and to ensure the regulatory frameworks around them will enhance and encourage their success.

Attached to this response is a number of specific comments which address the questions raised. Of particular interest to the development sector are the parts of the paper which allude to particular approaches for funding the costs associated with infrastructure and services related to different types of development. We are concerned with the statement that 'those who gain financially from works pay their fair share of the cost of infrastructure'(pg42). Broad statements like this, in the absence of a meaningful and objective cost-benefit analysis of developments in one geographical location over another, are deeply concerning.

The UDIA believes that within any process for determining who pays for what there will need to be safeguards in place to ensure government bodies or independent authorities do not unfairly ask developers to pay for more than what is reasonable. Further, a platform for fair and transparent negotiating and a review mechanism must exist so that development approvals cannot be used as a leveraging tool to force developers to accept unfair additional costs to ensure the project is approved. Consideration must also be given to the social and land infrastructure contributions already provided in many developments that are traditionally the responsibility of Government.

We would also caution the statements made about a 20-year supply of Greenfields land (pg. 28). The developability of land and where it is located is central to unlocking an area's economic potential. It is essential to provide Greenfields options in a range of places to cater for different preferences.

We support the reinforcement of a centres policy and centres hierarchy. There is a need for transition zones around existing centres so that they can grow and expand over time. Caution must be exercised around permitting rampant out-of-centres retail development. Stand-alone car-dependent retail destinations should be avoided.

Overly prescriptive and bespoke zoning should also be avoided. Designations like the Home Industry Zone are irrelevant - individuals want to run a business from home, not buy a home to run a business. Similar consideration must be given to innovation precincts. These only work when there is a major anchor tenant like a university or TAFE, as such it is ineffective to create those precincts without the support of a major anchor institution.

The following are some points in response to the questions raised throughout the PEP Paper:

1. Are there any other key opportunities and challenges you would like to identify? (pg7)
 - The role of Infrastructure SA's 20-Year-Plan will intersect with policy aims of PEP Paper. Given this, we believe that Infrastructure SA should be open and transparent with its priorities so industry and the State Planning Commission can take them into consideration in terms of the varied development capacity across South Australia. This is particularly important in view of the legislative requirement of the State Planning Commission in determining land supply advice under the PDI Act.
 - Genuine consideration of the other strategic plans or goals of other Government departments should occur as they determine their focus. Too often the economic, social or environmental benefits each separate department seeks to achieve are squandered as they fail to communicate and coordinate with each other and with industry.
 - The UDIA has become aware of a regulatory gap relating to the inclusion of policy ensuring that telecommunications infrastructure is provided in all developments. While many UDIA developer members already comply and provide this infrastructure, the non-compliance from other small 'mum and dad' developers seems to be creating significant inefficiencies in the delivery of this infrastructure.
2. Are there any other potential Code policy solutions you would like to recommend? (pg7)
 - This question is far too broad to adequately answer.
3. How could a more coordinated metropolitan staging program be achieved which provides greater certainty to all stakeholders and assists more orderly development? (p28)
 - The State Government should be clear and more definitive about where it sees the future growth areas or corridors. Following this, clear and strong communication and engagement is needed with local government, industry and the community to achieve

orderly, sustainable development while managing all stakeholder expectations. This is essential to eliminate sovereign risk.

4. What policy approaches or other levers could be used to help ensure South Australia's retailing sector is competitive, well-located and provides ample opportunity for new entrants to the market? (pg37)
 - We believe that using smarter tax incentives or the provision of performance-based subsidies to smaller retail businesses may assist. Often businesses of all sizes claim that high energy costs in South Australia are unreasonable and damaging to their bottom line, so short-term subsidies may alleviate this to some degree.
 - The government may consider reviewing its commercial rent policy to allow adaptive re-use of, or access short term unused spaces.
 - Meet-the-Buyer style events linking retailers to government planning and development representatives to foster potential partnerships.
5. How do we harmonise planning objectives for an efficient pattern of settlement at the metropolitan level with the need to encourage investment in new retail facilities? (pg37)
 - Communicate retail development planning to other related department plans so they can be in alignment or at the very least informed (e.g. DTTI Investment strategy)
 - Undertake research and create an accessible online register detailing gaps and retail opportunities.
6. How do we ensure that the new system helps to facilitate economic activity and provide adequate employment lands for current and emerging businesses and industries? (pg43)
 - We believe that the provision of an adequate network of core infrastructure will reduce overall cost to businesses. Further, the government should map out potential large parcels of land to be used as employment land sites and communicate this openly to private sector and communities.
 - There seems to be a focus on industry when, in fact, all the growth is likely to be in the services sector, e.g. health, education, IT, tourism etc. we believe the new zones (Urban Employment, Urban Care, Urban Corridor, Suburban Activities Node) are generally much better than the old zones, but need to be more extensively implemented across the metropolitan area. We also note that there is a lack of focused strategic direction. Key locations (e.g. Flinders/Tonsley, Adelaide Airport, Edinburgh etc.) should be identified for key investment (especially in infrastructure) and policy support to underpin service employment growth in these key metropolitan focal points.
7. How could Offset Schemes be used? (pg43)
 - The UDIA has long called for reform to how the Open Space fund is operated, which was clearly outlined in the Grow|Reform|Build platform last year (see [here](#)).
 - The UDIA would like to see Government:

- Facilitate better urban amenity and accessibility by committing to reviewing and reforming the open space contributions to create a fairer and more flexible approach.
 - Through amendment to the Regulations, or Act, incorporate all open space uses into the 12.5 per cent contribution at 100 per cent value towards that open space contribution, where the land can be demonstrated to have one or more of the open space values identified in the list above;
 - Restrict the ability to impose unreasonable minimum open space areas on individual reserves by recognising within the Development Plan (or Code) the multiple uses and sizes of reserves required to serve a multitude of functions, where the quality and functional relevance of the space can be demonstrated; and
 - Remove limitations on the percentage of land counting towards open space provision from the Development Plan.
8. Should the Code include a 40-metre interface buffer between rural and residential, but allow a smaller buffer distance if it can be justified? (pg53)
- We believe that there should be buffers between residential and rural activities and enough flexibility will be provided to allow for reduced buffers in appropriate circumstances.
9. Does policy regarding subdivision and minimum allotment sizes need to be reviewed and strengthened? (pg53)
- Minimum lot sizes across Adelaide will have an enormous impact on not only the development sector but the shape of our city. They will impact the profile of our communities for decades to come and the feasibility of development, and as such cannot be addressed as a small element of this policy paper.
 - Land division and allotment size policy as it relates to density, transport, infrastructure capacity and the way people choose to live, will require Government to engage with industry and the community in a meaningful conversation to determine what is appropriate.
 - We would stress that in the same vein as our earlier comments on infrastructure contributions, a thorough evidence-based analysis should occur prior to any conversation around what allotment size should be applied in Adelaide.
10. Do we need to review our signage policies? In particular, do we need facilities for third party advertising and tourism advertising? For example, should there be more scope for tourism signs on arterial roads and outside of townships? (pg54)
- While not a key priority for the development industry we would support the state government providing additional signage to improve the tourism experience in South Australia.
11. Should undeveloped strategic mineral resources be identified and protected from urban encroachment and other incompatible development? (pg55)
- Yes strategic mineral resources should be protected from incompatible development.

12. Is there a need to retain the centres hierarchy or not – is it still relevant to today’s planning? (pg57)
- Yes the centres hierarchy should be retained.
13. Should there be residential development within retail centres? If so, how could/should this occur? (pg57)
- We observe that the text and guiding principles on p32 seem to support both maintaining the hierarchy and encouraging competition, which is unclear.
 - We support the agglomeration of activities for the benefits it delivers but we suspect that the working of guiding principles 1, 2 and 4 will stifle the emergence of new activity centres and new forms of competition.
 - The current planning policy framework has traditionally struggled to cope with the emergence of new retailing formats. The word ‘protect’ in principle 4 is probably the main concern. If this word was ‘recognise’ then the principles would have better overall balance. Furthermore, this should be followed through with policy/zoning adjustments that facilitate greater flexibility in retail development (acknowledging that some zones already provide good flexibility).
14. Should there be a more flexible approach to encouraging a wide range of land uses in non-residential zones – with a land use genus, impact and design focus, rather than strict land use definitions? (pg58)
- Yes, non-residential zones should facilitate a wide range of land uses.
15. Is there too much emphasis placed on height and setback criteria in employment lands zones, in particular the ‘core’ of these zones? (pg58)
- We believe it is crucial to ensure flexibility in height and setback criteria within employment land zones to reduce barriers for business.
16. What innovations and changes to work practices will impact the planning system and how should we respond? (pg59)
- This question is too broad to adequately answer.
17. How should planning policy respond to growth in renewable energy – what issues should be addressed? (pg60)
- Planning policy should be flexible to allow consumers (residential and commercial) to make the choice to adapt for renewable technologies, but not punish or unfairly disadvantage those who do not prioritise installing renewable technologies like solar panels.
18. Should existing unused farm houses be able to be separately titled to allow their adaptive reuse and to facilitate economic activity? (pg61)
- While this would be encouraged by the development sector, the reality is that titling of unused farm houses is prohibited within around 90% of greater metropolitan

Adelaide by the *PDI Act* and Character Preservation legislation. How will this be reconciled?

19. How can we ensure that land use planning is able to accommodate and support the provision of new and innovative infrastructure? (pg61)

- Unsure what is meant by “innovative” infrastructure however again, we believe that greater transparency and information sharing is needed between state government, utilities, local government and industry to ensure all stakeholders are aware of and can appreciate or support the provision of new infrastructure.

20. Do we have adequate planning policies in place to encourage/support the aims of innovation districts? (pg62)

- This question is too broad to adequately answer.

21. How do we ensure that residential development does not monopolise the offering in mixed-use areas of innovation districts? (pg62)

- Yes, residential development within centres and mixed-use zone should be permitted - but with restrictions such as permitting it other than on the ground floor of a building.

22. Does planning policy need to respond better to new ways of doing business such as the emergence of the sharing economy – which may require the introduction of controls to mitigate previously unanticipated effects (for example, the conversion of long-term rentals into short stay holiday accommodation via online platforms)? (pg62)

- Yes, sufficient flexibility should be given to allow for alternative or new ways of doing business.

23. What will be the emerging industry impacts of e-Commerce and how should these be managed by the Code? (pg62)

- This question is too broad to adequately answer.

We appreciate the opportunity to provide commentary. If you have any questions, please do not hesitate to contact the UDIA office.

Yours sincerely,

Pat Gerace
CHIEF EXECUTIVE