

GROW REFORM BUILD

A Blueprint for our Future
2018 State Election **UDIA (SA)**





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EXECUTIVE SUMMARY



Pat Gerace, UDIA SA CEO



Monish Bhindi, UDIA SA President

The UDIA represents the interests of the urban development industry. This includes businesses and individuals from right across the property industry.

The UDIA knows through its members that to grow the South Australian economy, certain regulatory barriers need adjusting to reflect the reality of doing business in this State.

The value of the industry to South Australia is well known. It is one of the largest contributors to the economy and provides jobs to thousands of South Australians, but as the fabric of our State changes, we need modern systems, laws and infrastructure to support it to grow even more.

The purpose of this document is to highlight where the industry wants a future State government to focus its efforts.

The UDIA has identified three core policy priorities that are integral to allowing sensible and efficient urban development to occur. These include;

1. Growing our economy and jobs
2. Reforms for better urban development
3. Building more and better infrastructure

The document outlines a set of mechanisms to implement the broader objectives under each policy priority.

We urge whichever party forms government after the State election to engage closely with the sector to realise the significant opportunities that will come from implementing these policies.

GROW OUR ECONOMY AND JOBS – SECURE OUR FUTURE

GROW OUR ECONOMY AND JOBS – SECURE OUR FUTURE

South Australia is facing a time of significant transition. Some of our State's more traditional industries like mass manufacturing are disappearing, while others are in the early stages of development. As these industries come and go, the urban development sector remains central to supporting the economy contributing almost 11 per cent of Gross State Product.

As the leading urban development representative body in South Australia, the UDIA believes that our State has the capacity to transition smoothly by enacting a raft of vital policy instruments. South Australia needs a regulatory environment that encourages the workforce to grow and be mobile in order to transform our economy.

The UDIA believes that central to this change are the following areas for reform:

1. Planning for Growth – growing the South Australian population,
2. Place Branding and Strategies – promoting our State interstate and overseas, and
3. Providing an Efficient Taxation System

If we do not adapt then we will be locked within our existing paradigm. Only the combination of population growth, a clear and powerful branding strategy and an effective taxation system can deliver the changes needed to facilitate urban reform, develop public infrastructure and deliver services to ensure South Australia's future.

Planning for growth – grow population with skills to support social and generational change

The UDIA recognises that the ongoing economic, social and cultural success of the State, and its ability to achieve its environmental goals can best be achieved by sustainable population growth. The population makeup is changing and as the latest Census shows, while Australia's population grew by 1.6 per cent during the year ended 31 December 2016 and despite all states and territories having recorded positive population growth in the year, South Australia's annual population growth rate of 0.6 per cent remained well below the national average.

Unfortunately, the State's fertility rate is well below the rate of population replacement, our share of national overseas migration has declined from 10 per cent to only 4 per cent over the last 40 years and the State continues to experience high rates of net interstate migration. Without significant growth in the working population, the State's taxation base and therefore its ability to fund government services will decrease.

Notwithstanding South Australia's unemployment rate, and a range of policies aimed at reducing this rate, there remains evidence that there are a substantial number of unfilled vacancies, particularly in regional South Australia. Historically, unemployment

rates have been viewed as homogeneous across the State – one State, one number, rather than region by region to enable more targeted policy responses to be developed and implemented.

To address these challenges, the UDIA and several other organisations commissioned the SA Centre for Economic Studies (SACES) to explore national immigration policy in the context of addressing the labour, economic and populations challenges facing South Australia.

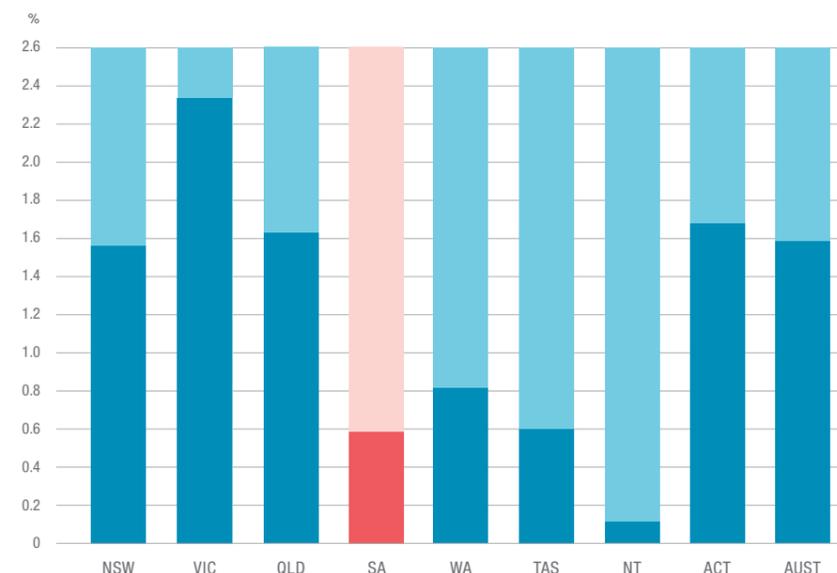
Further, the latest Deloitte 'Make it Big Adelaide' report highlighted this, stating:

'Both our population and economy have, on average, grown more slowly than the rest of the country for over 30 years. The most practical effect of this are the choices that people make about their own lives. The number of young people aged between 15 and 34 in South Australia is lower now than it was in the mid-1980s, despite the fact that the population is around 340,000 people larger.'

Given that South Australia's economy is relatively uncomplex, and lacks sectors that require specialised skill sets, this simultaneously limits the choices and opportunities to retain our younger population and fails to attract a greater share of people from interstate and overseas.

The Government should:

- Develop, in conjunction with the private sector, a genuine long-term strategy with the core outcome to achieve or exceed the national growth rate of 1.4 per cent per year;
- Continue to target and plan for responsible and sustainable population growth in the State, aiming to:
 - achieve an annual overseas immigration target equivalent to at least 8 per cent of the national intake;
 - attain positive net interstate migration;
 - actively engage with existing SA businesses who are headquartered locally but operate nationally to ensure they remain in SA;
 - actively pursue investment, business relocation and job creation by facilitating and supporting businesses moving to South Australia and creating new jobs;
 - encourage businesses to establish remote working hubs in South Australia;
 - secure an agreement with the Federal Government for special VISA status for overseas migrants to South Australia.
- Use taxation inducements and process gateways to attract and retain new migrants with significant wealth and skill levels.



Population Growth Rate, Year ended 30 June 2017

Place branding and strategies – selling South Australia as the best place to live, work, invest and raise a family

The world is a big place and the competition for talent and investment is fierce. Attracting the best of the best and retaining our home-grown talent is imperative. We have some of the best universities and a history of doing great things like the creation of the Torrens Title System, but we need to do more to truly promote our State in a consistent and strategic way. Telling everyone Adelaide is a great place to raise a family is not enough.

Unfortunately, SA is often joked about on the Eastern seaboard for the wrong reasons and politics at both state and federal levels have only distracted us from focusing on the huge potential of our State. We need to develop and implement a dedicated branding and marketing strategy and set of actions that clearly communicates that we are truly open for business. This is beyond having a State logo. This is about clarifying how we perceive ourselves and aligning that to how we want Australia and the rest of the world to perceive us.

Through the recent UDIA Study Tour to the United States we saw cities that

have reinvented themselves through being clear in what they stand for and where they want to be, and then investing in that vision to deliver it. The UDIA believes that South Australia needs to determine what it is we want to be known for as a State – its identity – and to use South Australians across government, business and the community to share this vision as ultimately, we are the best ambassadors for our State.

Recent research suggests the best cities have carefully managed their brand by defining their key themes and not by trying to be everything to everyone. We believe it's time for us to re-focus and re-energise our long-term plans for the future.

The Government should:

- Engage with the private sector to revisit and re-energise a brand and marketing strategic plan for SA
- Conduct an immediate review into the branding of our State across all State agencies and local Government;
- Deliver a state-wide consistent brand management strategy that is considered when making all major decisions by Government;
- Identify key goals for State branding and implement action plans with regular reporting against them.

A fairer and more efficient system – a taxation system that allows South Australian housing to be competitive

Every South Australian should be able to access a range of land and housing products, regardless of their income. The tax system affects housing supply, housing affordability and the ability of the community to access shelter. The tax burden on new housing has grown substantially over the past decade to around 30 per cent of the value of the house and there exists an inequitable treatment of new housing compared to existing housing.

The State Government is highly reliant on property related taxes (more than 11 per cent of all State Government revenue), many of which have a negative impact on development activity and economic growth generally. Taxes applied to property transactions disincentivise the selling and buying of property which restricts the ability for people to change their place of residence as their personal circumstances change.

For South Australia to achieve its population and economic growth targets it must retain its competitive advantage relative to other states in terms of affordable housing. A coordinated approach between all levels of government, the not-for-profit sector and the private sector is required to eliminate unnecessary and burdensome taxes. In particular, the UDIA believes major policy reform is needed on land tax and stamp duty.

The government needs to ensure it has a broader tax base which is inter-generationally and geographically fair and provides significantly greater transparency in both its collection of taxes and the usage of taxpayers' funds. The UDIA wants to see South Australia repositioned as an attractive place in which to invest and live, giving the State a competitive advantage over other states. South Australia must be known as a low, and most importantly, fair tax State in which to do business.

Stamp duty

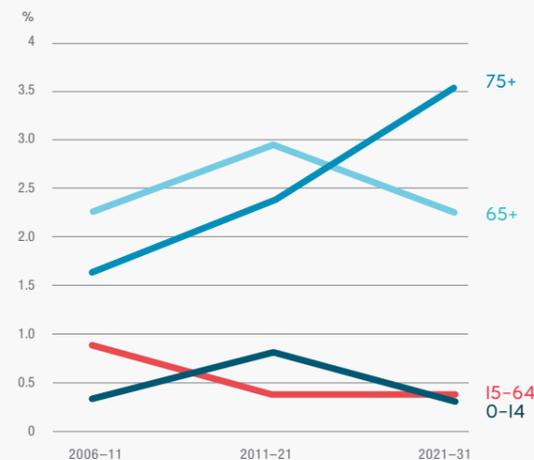
The single biggest transactional cost for purchasers of residential property is stamp duty. Stamp duty is an inefficient tax. Stamp duty acts as a disincentive to business and the private sector as it impedes turnover of stock and encourages property owners to hold onto existing properties rather than find new accommodation which is more suited to their current needs.

The negative impacts of stamp duty include:

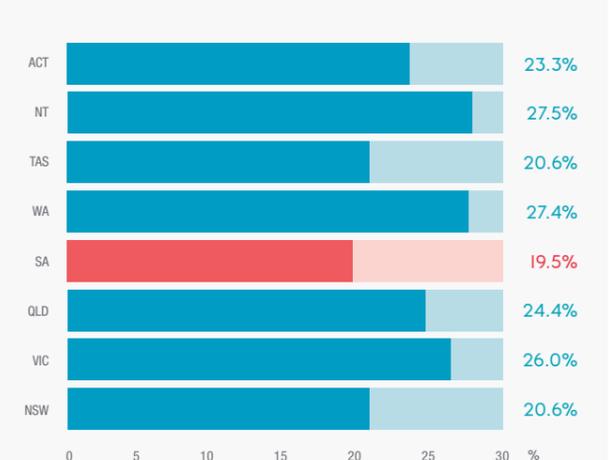
- Discourages 'empty nesters' from 'downsizing' from their large family homes into more appropriate accommodation. In turn, these family-friendly homes are unavailable to young families thus impacting housing affordability and efficient use of existing facilities such as schools.
- Unfairly penalises households for moving into accommodation that better suits their needs.
- Reduces worker mobility and potentially exacerbates labour surpluses/shortages in different parts of the country (it increases journey to work time, distance and cost).
- Makes housing costlier for first home buyers.
- Discourages investors and business from participating in the market.

The UDIA continues to call for the tax system to be overhauled and stamp duty abolished. The UDIA recognises that in recent times some steps have been taken some positive steps to alleviate the impacts of stamp duty by removing it on non-real property transfers and also providing exemptions for stamp duty on off the plan apartments. However, now is the time for these positive steps to pave the way for even more reform.

Population Growth per Age Grouping



First Home Buyers as a % of all Owner Occupier Housing



REFORMS FOR BETTER URBAN DEVELOPMENT

The Government should:

- Remove stamp duty on all new residential owner occupier off the plan housing construction under the value of \$460,000.
- In the long-term stamp duty should be totally abolished with this revenue being replaced with a broad-based tax that does not distort consumer choice.

Land Tax

The UDIA is calling for specific and targeted amendments to land tax which will improve South Australia's position as the place to do business. The system currently discourages developers from developing large land holdings for a lengthy market campaign as they are forced not to release allotments to the market, resulting in:

- A distortion of availability of land 'at smoothly varying prices' to the market for purchase by buyers by restricting the availability of land owned by a developer in near or actual developed-state ready for purchase by a home buyer;
- 'Ineffective lumpiness' in the flow of work by planning staff in local councils where development approvals are carried out between council staff and developers; and
- Impacts on economic sustainability in greenfield areas of civil earthworks contractors as developers are compelled to produce small land division stages which are costlier than larger stages. Civil contractors are restricted in their profitability when providing small scale works.

The aggregation of property values for the purpose of land tax is also seriously detrimental to developers and investors holding multiple commercial and residential holdings. The current system of aggregation distorts the market by favouring small investors.

This creates less certainty for more of the rental market as the large land holders are often more likely to provide longer rental terms. It also means that the increased costs are recouped via increased rent which is generally passed on to residential and business tenants, which sends the wrong message to potential investors.

The Government should:

- Reintroduce land tax exemptions for land held by developers. That is, land that is zoned residential and undeveloped to the extent of not yet having development approval for a building, and allotments that remain unsold to a non-developer buyer, should be exempt from land tax for three years. This would reduce the land tax impost being applied to the price of the land when ready for market purchase by a home buyer with consequent negative impact on housing affordability.



REFORMS FOR BETTER URBAN DEVELOPMENT

Smart urban development lies at the heart of any society. As South Australia changes so too should our laws so they align with the diverse needs of our community. The most comprehensive planning reforms in decades are currently being rolled out across the planning and development sector and it is imperative that these are completed as soon as possible.



But while the mechanics of the planning system are being re-engineered, there are still some areas that need urgent attention. For example, as developers make more and more use of old manufacturing sites littered across Adelaide in line with the current 30 Year Plan for greater Adelaide, we will need to more efficiently deal with issues like site contamination.

On the demand side of the equation, South Australia will face a larger proportion of older South Australians per head of population will over time and providing alternative housing options suitable to the needs of these people is critical.

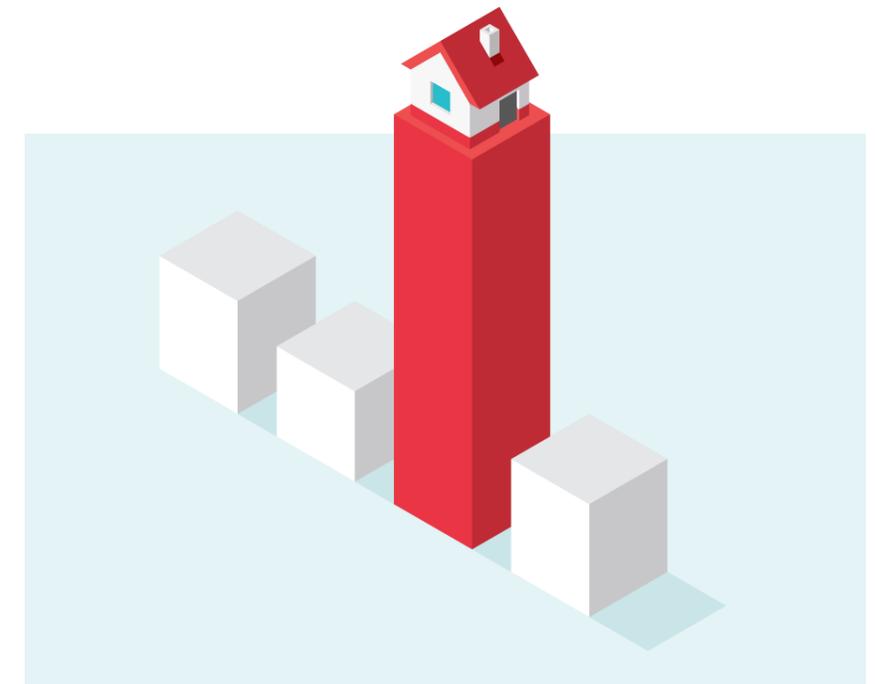
The UDIA believes that key priorities for urban development reform include:

1. Ensuring the planning reform is completed and implemented effectively.
2. Adapting the planning system to the needs of the city more quickly.

South Australia needs to strike the balance between regulating to ensure development is sustainable, but not so burdensome that we deter business from developing in South Australia. Reforms need to be practical in order to truly pave the way for smart urban regeneration, and the UDIA wants the State government to ensure the reforms are implemented without delay, and to address the pressing need for appropriate accommodation options for older South Australians.

Planning reforms – finish the work that has been started

Traditionally, the residential dwelling profile in South Australia has been single-story detached dwellings on large blocks of land. Now we need to be smarter in how we develop land as the population changes. An adequate supply of affordable land, the timely provision of core infrastructure, efficient planning approval mechanisms, minimal 'red tape' and access to finance for developers are essential ingredients to the urban development sector.



As the reforms permeate the urban development sector, educating all stakeholders across government, industry and the community will be fundamental to generate consistency, certainty and confidence in the planning system. The UDIA believes the government should be open and keep the sector informed and involved throughout the transition to address issues as they arise.

Adelaide's long industrial history means that most current day developments require sites to be fully remediated before land can be developed. The urban development industry needs a nimble and cost-effective process for dealing with site contamination so as to turn land over quickly to meet the growing demand for housing in this State.

The UDIA believes that site contamination remediation can generate both public and private benefits, by releasing previously contaminated land and allowing urban regeneration which can result in significant economic, environmental and social benefits – from new jobs to increases in property values in the broader community.

Site contamination is a complex and broad issue impacting large areas of land across the State, and the planning system is only one part of the Government's integrated approach to the management of site contamination. However, as it stands, many people wanting to rejuvenate land are

subject to undergo sometimes lengthy and onerous remediation processes.

The Government should:

- Ensure the planning reforms are completed and implemented effectively and efficiently in consultation with the private sector.
- Fund a public information campaign to break down myths and stereotypes about the negative impact of regeneration on neighbours and communities.
- Ensure the community engagement charter focuses more effort on upfront engagement with citizens about policies and plans, with less consultation on individual projects on a site-by-site basis, thereby avoiding the problems that currently present themselves at the assessment stage.
- Where development plans are in place and applications comply, they are approved quickly, reducing frustration, uncertainty and unnecessary expense.
- Address unnecessary red tape and complexity in the re-purposing of old manufacturing sites for infill development via a more risk-based approach.

Ageing in place – adapting to the needs of our city

Demand for housing designed to meet the needs of older people is expected to increase directly in proportion with the ageing of the population. The changing living situations and household composition of older South Australians has implications for successful ageing. To ensure the wellbeing of older South Australians, policy and planning for housing for older people should be reviewed and issues surrounding design, demand, affordability, supply and location should be considered.

As the latest ABS statistics reveal, more people are living longer not only in South Australia, but across Australia and the globe. In South Australia, the number of older people is projected to increase dramatically and by 2050 the number of people aged over 65 years is set to increase by 56 per cent. This research also shows that the

number of people over 65 years in rental housing from low-income households is projected to increase by 115 per cent from 195,000 to 419,000 by 2026.

'State of ageing in South Australia' – SA Ageing Research Round Table, OFTA, UniSA, Adelaide University and Flinders University.

This will require the development sector to provide variety of housing product options to suit the needs of the aged population. Understandably, older people value housing that allows them to age with independence and within the communities to which they belong. As such, consideration needs to be given to affordability, convenience, adaptability and links to community services and facilities in accommodation options.

Without affordable housing options, potential outcomes include increased homelessness and social dislocation, pressure on social and public housing, a greater risk of premature entry into residential aged care services, all of which further put strain on the economy.

The Government should:

- Develop a strategy with the urban development industry, in the first 100 days of Government to promote the development of alternative seniors living options in South Australia. Amend the Community Titles Act to enable by-laws to specify age categories for older residents.
- Amend Schedule 1 of the Development Regulations 2008 to include a definition for 'Seniors Accommodation' to be:
 - '... a dwelling lawfully restricted for the residential accommodation for persons who have attained the age of 55 years, but does not include a nursing home, residential park under the Residential Parks Act 2007'.
- Remove 'non-complying' barriers for seniors living in all Development Plans to allow for age-appropriate development to take place in residential and mixed-use zones.

BUILD MORE AND BETTER INFRASTRUCTURE – MAKE THE BEST PLACE TO LIVE EVEN BETTER

Year	Numbers by Age			
	0–14	15–64	65+	75+
2006	287,287	1,044,040	236,561	118,034
2011	292,543	1,091,780	265,039	128,076
2021	317,587	1,136,731	354,594	162,131
2031	328,880	1,182,150	442,074	229,155
Annual Growth Rate (%)				
2006–11	0.36	0.90	2.30	1.65
2011–21	0.82	0.40	2.95	2.39
2021–31	0.35	0.39	2.23	3.52

BUILD MORE AND BETTER INFRASTRUCTURE – MAKE THE BEST PLACE TO LIVE EVEN BETTER

One of the most important things for the viability of any development is the ability to have access to core infrastructure. Every development needs to access water and power, to manage traffic and handle any site contamination and the development industry understands exactly how complex this can be. The process often involves many stakeholders and requires substantial coordination across numerous bodies in both the public, private and community sectors.

It is well known that Adelaide's transport corridors have been rezoned for development however the industry knows that South Australia's current infrastructure capabilities are not able to support many developments. The UDIA believes that future planning and investment for this infrastructure is critical to deliver a world class city equipped for the future. Along with this, how we deal with public amenity needs reform to encourage the development of more accessible open spaces for multiple uses.

The UDIA believes that central to enabling suitable developments, the following change needs to occur:

1. **An effective, coordinated approach to infrastructure development.**
2. **Reforms to the open space contributions scheme.**

Timely and cost-effective infrastructure – key infrastructure, an essential general community asset

Providing core infrastructure is a critical factor in the urban development and regeneration process, it can attract substantial private sector investment for land releases and densification of existing suburbs. This in turn boosts contemporary housing and increases property values.

Without extensive, good quality infrastructure development is prevented from proceeding, and when it does, the costs are often not spread fairly. This then disadvantages new home buyers as they absorb the costs for core infrastructure. There is a real need for the equitable, fair and proportionate sharing of funding of key infrastructure that underpins the residential development and community building in agreed growth areas.

The UDIA also believes the government needs to coordinate core infrastructure better in conjunction with utilities understand the capacity of each in key areas earmarked for growth. This will allow developers, local councils and utilities to understand the capacity for development in each area. By understanding planning potential in each area better, more investment will be unlocked.

The Government should:

- Establish a high-level, independent body within State Government to assess, plan and coordinate the delivery of core utility infrastructure across the State;
- Ensure service authorities provide infrastructure to new developments at least cost and at a price that does not disadvantage new home purchasers;
- Develop consistent planning and funding models for transport infrastructure to better connect new housing developments, universities to employment hubs.

Investing back into our suburbs for the future – better funding options for the future

South Australia has the highest open space provision requirement in the country at 12.5 per cent of the area of a land division whereas other states range from 6 per cent to 10 per cent. Some inner-middle suburban councils have suggested a provision of 20–25 per cent open space in medium density developments, an amount which is clearly unsustainable from a land economics and a maintenance perspective.

As a contrast, some fringe metropolitan councils actively encourage a lower requirement for open space, typically around 8 per cent, and collect a financial contribution to make up the outstanding balance. Additionally, councils typically discount the contribution value of open space where it has a dual use for stormwater or high voltage power lines. This is notwithstanding many successful examples exist of multiple use in open spaces throughout metro Adelaide, one key example being the River Torrens Linear Park.

Although predominately a stormwater management space, the extensive open space provided along the river channel itself delivers an important visual amenity, enhances environmental quality, and provides valuable recreational space.

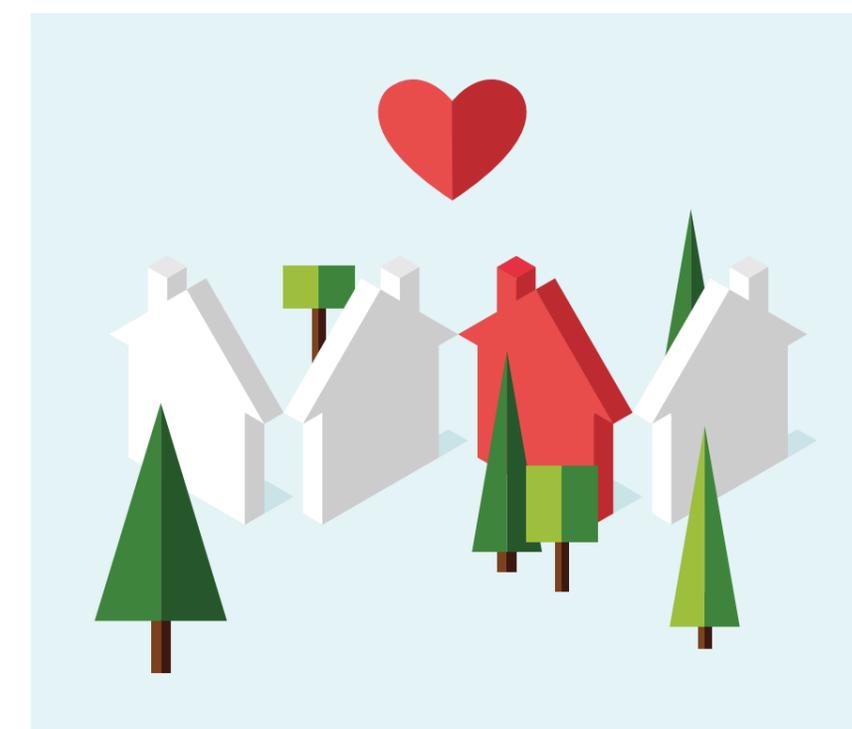
The UDIA believes development of smaller areas of open space to a much higher standard of usability and visual amenity should be prioritised over the creation of dry wastelands.

Likewise, the scattering of more small reserves ensures that a greater number of residents are in closer walking distance to a reserve, an issue that is very important in an era of smaller allotment sizes. Smaller "pocket reserves" can be designed with sustainable maintenance in mind when considered as part of a broader integrated open space scheme.

The Government should:

- 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 (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;
- Remove limitations on the percentage of land counting towards open space provision from the Development Plan.



APPENDIX I: SUMMARY OF ACTION REQUIRED



- Develop, in conjunction with the private sector, a genuine long-term strategy with the core outcome to achieve or exceed the national growth rate of 1.4 per cent per year.
- Continue to target and plan for responsible and sustainable population growth in the State, aiming to:
 - achieve an annual overseas immigration target equivalent to at least 8 per cent of the national intake;
 - attain positive net interstate migration;
 - actively engage with existing SA businesses who are headquartered locally but operate nationally to ensure they remain in SA;
 - actively pursue investment, business relocation and job creation by facilitating and supporting businesses moving to South Australia and creating new jobs;
 - encourage businesses to establish remote working hubs in South Australia;
 - secure an agreement with the Federal Government for special VISA status for overseas migrants to South Australia.
- Use taxation inducements and process gateways to attract and retain new migrants with significant wealth and skill levels.
- Engage with the private sector to revisit and re-energise a brand and marketing strategic plan for SA.
- Conduct an immediate review into the branding of our State across all State agencies and local Government.
- Deliver a state-wide consistent brand management strategy that is considered when making all major decisions by Government.
- Identify key goals for State branding and implement action plans with regular reporting against them.
- Remove stamp duty on all new residential owner occupier off the plan housing construction under the value of \$460,000.
- In the long-term stamp duty should be totally abolished with this revenue being replaced with a broad-based tax that does not distort consumer choice.
- Reintroduce land tax exemptions for land held by developers. That is, land that is zoned residential and undeveloped to the extent of not yet having development approval for a building, and allotments that remain unsold to a non-developer buyer, should be exempt from land tax for three years. This would reduce the land tax impost being applied to the price of the land when ready for market purchase by a home buyer with consequent negative impact on housing affordability.
- Ensure the planning reforms are completed and implemented effectively and efficiently in consultation with the private sector.
- Fund a public information campaign to break down myths and stereotypes about the negative impact of regeneration on neighbours and communities.
- Ensure the community engagement charter focuses more effort on upfront engagement with citizens about policies and plans, with less consultation on individual projects on a site-by-site basis, thereby avoiding the problems that currently present themselves at the assessment stage.
- Where development plans are in place and applications comply, they are approved quickly, reducing frustration, uncertainty and unnecessary expense.
- Address unnecessary red tape and complexity in the re-purposing of old manufacturing sites for infill development via a more risk-based approach.
- Develop a strategy with the urban development industry, in the first 100 days of Government to promote the development of alternative seniors living options in South Australia.
- Amend the Community Titles Act to enable by-laws to specify age categories for older residents.
- Amend Schedule 1 of the Development Regulations 2008 to include a definition for 'Seniors Accommodation' to be:
 - '...a dwelling lawfully restricted for the residential accommodation for persons who have attained the age of 55 years, but does not include a nursing home, residential park under the Residential Parks Act 2007'.
- Remove 'non-complying' barriers for seniors living in all Development Plans to allow for age-appropriate development to take place in residential and mixed-use zones.
- Establish a high-level, independent body within State Government to assess, plan and coordinate the delivery of core utility infrastructure across the State.
- Ensure service authorities provide infrastructure to new developments at least cost and at a price that does not disadvantage new home purchasers.
- Develop consistent planning and funding models for transport infrastructure to better connect new housing developments, universities to employment hubs.
- 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 (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.
- Remove limitations on the percentage of land counting towards open space provision from the Development Plan.

