22 February, 2019

Mr. Michael Lennon
Chair, State Planning Commission
PO Box 1815
ADELAIDE SA 5251

Via email: DPTI.PlanningEngagement@sa.gov.au

Dear Mr. Lennon

Productive Economy Policy Discussion Paper

In response to the invitation to make comment on the above discussion paper, please find attached a number of comments.

1. Overview

South Australia is underpinned by a balance of society, environment and economy. When all elements are balanced, this creates a cohesive and vibrant community.

Underpinning economic development is the need for liveable communities. When business makes decisions about location it considers a number of aspects including the regulatory framework; availability of employees; lifestyle; education; health and other services; cost of housing and cost of land.

Appealing, liveable communities that are attractive to both business and families, which allow communities to live, work, learn and play, with appropriate services, especially in regional areas, is the key to creating a productive economy.

Without liveable communities as a fundamental base element in any strategy or code policy relating to a productive economy, then the challenge of creating a sustainable and productive economy becomes more difficult.

Key issues surrounding the continued development of a productive economy include the impact of disruptive technologies, services and methods of production.

Disruption in business relates to innovations that create a new market and value network that disrupts existing markets and value networks through displacement of existing businesses, processes and methods. At a service level, Uber has been a significant disrupter of transport provision. In manufacturing, 3D printing will impact in many ways, and in food production, new cultivation techniques are developing and the cost of production is reducing as the techniques become more streamlined and of larger scale.
The ability to address these disruptive innovations lead to impacts on economies; the environment; and society, that if not appropriately addressed within newly created or adaptive policy frameworks, will result in impacts to existing markets, employment and community viability.

These innovations have several considerations in comparison to conventional technologies that may impact on health, environment, culture and economy, not only of local communities, but on a global basis.

A society that is able to address and potentially capture segments of these markets will be better situated to adapt to disruption. This may be through either through growing with the disruption or be identifying niches where traditional technology or processes will come into demand.

While planning policy needs to support and emphasise small scale development, which is essential as an engine room to the productive economy, the policy base also needs to enable ‘game changing’ development to occur.

Additionally, the ability for in-principle support to be provided through a pre-lodgement process which can take into account issues impacting the development - design, infrastructure impacts etc., needs to be available for all employment generating development.

This would provide the developer with greater certainty and also reduces overall costs (such as holding costs that increase due to delays in formal assessments) and can assist in obtaining finance for the project.

2. Retail

Other elements to be addressed include a review of retail policy to update and respond to the significant challenges currently being experienced by traditional retailers. Retail provides a significant employment base for South Australia, and as such global changes to retail sales and distribution models are impacting on South Australia.

There is the need for planning policy to have the ability to enable retail to respond through developing new operation models. This may require smaller retail floor space, with greater onsite storage together with manufacturing on site and within current retail and commercial precincts.

An example is artisan production with storage and distribution from that site, as well as a traditional retail and online retail presence. This approach has the potential to revitalise existing retail and commercial areas and is occurring overseas where retail, especially mall type development, has struggled in recent years due to online competition.

3. Tourism

Any economic development, including tourism development, needs to have a framework that enables the strengths of an area to be capitalised upon. More appropriate policies in the code would identify and envisage tourism development, without the ability to cause undue delay.
Signage for tourism development is required, but needs to be balanced with visual impact and road safety. High quality signage would be appropriate, but need to be suitably located to ensure the landscape is not unduly impacted or become cluttered.

4. Changes in business models

There are a number of changes to business models that will impact on the economy. While models such as the sharing economy are in infancy, and its impact is as yet unknown, there are many disrupters to economy and society.

There are entirely new and different production models and techniques that are becoming more relevant which will impact on traditional models and practices and employment.

As such, planning policy needs to be flexible to be able to cope with global disruption on a local scale.

Planning policy should support and encourage the aims of innovation districts. Together with this, there should be more guidance at the State level for regions or local governments that wish to create innovation precincts that capitalise one

5. Provision of employment lands

The planning system needs to ensure that it provides adequate employment lands and facilitates economic activity for current business and new, emerging industries.

There is currently either outdated or insufficient data on the amount of employment lands available. This includes the amount of vacant land, the location of that land, servicing of that land, take up of land and suitability of that land for purpose.

Previously this information was updated on a regular to irregular basis. However the data has not been collected for some years (or if collected, not released).

Local Governments are reliant on collecting data from their own area in order to ensure that there are adequate employment lands for their own purpose, but this approach does not take a significant enough strategic viewpoint as it is isolated data and not a widespread sample that considers all employment lands and the strategic impact of that. Additionally, the restriction on preparation and processing of Development Plan Amendments has restricted the ability of planning authorities to react to demands for employment lands.

To ensure that there is sufficient supply of appropriately sized and located employment lands, a high priority is to update the Industrial Lands Database for the metropolitan area and close regions.

6. Adaptive reuse

Adaptive reuse has the potential to retain character buildings as part of the urban landscape, creating attractive and liveable communities, and creating opportunities for a new generation of owners.

While the planning system can make adaptive re-use easier in terms of creating a supportive policy environment, there would potentially be issues with meeting building code requirements for older buildings undergoing a change of classification.
Not all farmhouses are located in areas likely to attract overnight tourism, but code policies should enable easier change of use for value adding activities or other uses which may revitalise regional areas.

However, as many of these localities are experiencing population decline, there is a higher level debate that needs to address regional population issues with the objective of increasing populations in the regions through employment initiatives such as decentralisation.

The impact of EFPA also needs to be considered in relation to regional development and the re-use of farm buildings and farm houses for use for residential purposes, ensuring that it does not impact on the viability of primary production.

7. Work Practices

There is potential for planning policies to be reviewed and updated to consider innovations and changes to work practices.

Previous innovations have enabled home activity to be covered by definition under existing regulation (home activity) where low impact activities may occur, subject to meeting certain requirements, such as area used, vehicle mass and impact on amenity. There may be merit in revisiting the definition to examine whether there is greater room for flexibility in enabling home based business activities to occur with a higher level of intensity without adverse impact.

There is also the potential for introduction of policies to enable the easier establishment of business / incubator hubs which enable small business and creative endeavours to have a physical location where the activity will benefit from cross collaboration.

Comments in this regard also relates to the earlier comment about changes in retail practice.

8. Renewable energy sources

Issues relating to alternative and renewable energy sources need to be addressed in a comprehensive and forward looking manner. As these sources may be innovative and part of the disruptive economy, the policy framework must also be innovative and examine the responses of other jurisdictions to disruptive technologies.

9. Primary production - ‘value-adding’

Value adding in regional locations is an essential component of local and state economies. Value adding should not be restricted to small scale developments aimed at tourism solely, but enable value adding to all agricultural production.

This would enable economic and employment diversity, especially in locations that may not be high value tourism draw.

Examples of value adding also include the enabling of support industries in close proximity to primary production where economies of scale and closed loop production can be introduced and general external impacts can be reduced through lesser demand on transport systems and networks etc.
The impact of EFPA also needs to be considered in relation to regional development and the re-use of farm buildings and farm houses for use for residential purposes that do not impact on the viability of primary production.

Additionally, a review of EFPA areas and boundaries should be undertaken to determine whether specific areas should be excluded based on land viability and the ability for production to be conducted in an economically sustainable manner. Some areas under EFPA are not specifically suitable for agricultural production due to a number of factors such as existing encroachment of quality of land.

Primary production land division has been generally established at 40 hectares. This is generally suitable in many instances, but should have some flexibility which is determined on land use and requirements for that particular use.

10. Practitioner input

While input has been sought on the economic background for South Australia, through Deloitte Access Economics and SGS Economics and Planning, there appears little input from economic development practitioners and planners as to what some of the practical issues surrounding the creation and sustainment of a productive economy are, and what some of the policy responses may be to support the overall goal.

11. Recommendations

- Ensure planning policy is adaptive and flexible and able to respond to global challenges;
- Ensure planning policy has the ability to enable various industries to respond to developing new operational models;
- Provide developers and the community with greater certainty at early stages to provide guidance and clarity;
- Ensure that pre-lodgement advice can be provided to developers so that overall associated development costs (such as holding costs) can be reduced and can also assist developers in obtaining project finance;
- Update the Industrial Lands Database for the metropolitan area and close regions;
- Address regional population issues with the objective of increasing populations in the regions through employment initiatives such as decentralisation;
- Revisit the definition for ‘home activity’ to examine whether there is greater room for flexibility in enabling home based business activities to occur;
- Creation of policies enabling the easier establishment of business / incubator hub; and
- Detailed policies be developed in conjunction with Local Government and State Government agencies that address primary production issues, including adaptive reuse, EFPA, value adding and minimum allotment sizes;

12. Conclusion

The cornerstone of a productive economy is attractive, liveable communities that are attractive to both business and families, which allow communities to live, work, learn and play, with appropriate services. This is especially relevant in regional areas. Without the provision of this as a fundamental element in any strategy or code policy, then the challenge of creating a sustainable and productive economy becomes more difficult.
The environment in which the economy is being considered is changing in many areas, including employment options; retail; manufacturing; new technologies and processes. There are many disruptions to the economy; hence planning policy will need to be adaptive and flexible to respond if South Australia is to create a long term productive economy.

Should you require any further information or assistance please contact me on telephone [REDACTED] or [REDACTED].

Yours faithfully

Michael Shillabeer
Economic Development Planner