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Sarah Elding
Project Lead State Planning Policies
Department of Planning, Transport and Infrastructure
GPO Box 1815
ADELAIDE SOUTH AUSTRALIA 5001

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

Dear Ms Elding,

Shopping Centre Council of Australia submission on
Productive Economy Discussion Paper for South Australia

Thank you for the opportunity to provide this submission to the Productive Economy Discussion Paper for South Australia. Our particular interest rests specifically with the policy theme and discussion on Centres, Retail and Mixed Use Activities.

The Shopping Centre Council of Australia (SCCA) represents the interests of Australia’s major owners, managers and developers of shopping centres.

Our members are responsible for close to 700,000 m² of retail floorspace in South Australia, including shopping centres in key locations and activity centres such as CBD, Westfield Marion, Colonnades, Blakes Crossing, Port Canal, Southgate, Golden Grove, Rundle Place, St Clair and Elizabeth. A full list of our membership is available at http://www.scca.org.au/about-us/members/.

The SCCA works on retail and activity centres policy and planning matters in each jurisdiction. Most recently in South Australia we were an active participant in the ‘existing activity centres’ Development Plan Amendment process across 2015-16. We were also actively involved in the 2014 Harper Competition Policy inquiry and, in this context, made a range of recommendations regarding planning systems and competition.

Overall, while we are supportive of key aspects of the Discussion Paper, including the issues identified by SGS Economics and Planning (see below), we are deeply concerned that the Paper then contains simplistic assertions, including selective and outdated references, in relation to issues such as so-called ‘new retail entrants’ and competition policy issues.

Further, the Paper notes issues such as ‘online retail’, ‘retail trends’ and other factors in the retail market, as if to suggest these issues are potentially simplistic and/or could warrant an undermining of centres-based planning and associated identified net public benefits. As a key national retail industry group (and only landlord group), and a group that heavily analyses the retail market (and indeed, governments seek our advice on such issues), we are wary of such assertions made about the retail market from parties that potentially don’t have a comprehensive understanding of such issues.

As an example, the statement and conclusion made in the Paper - 'bricks and mortar' retail industry is experiencing significant disruption by out-of-centre retailing, international competitors entering the market, online retailing and shared economies and this is changing the form, scale, intensity and locations of retail activities - demonstrates an incredibly selective, and potentially one-sided, interpretation of the retail market.
We have similar concerns in relation to selective claims in the Paper about competition policy issues, including the fact that the Paper doesn’t reference the Harper Competition Review, which was the “last word” on such issues and indeed noted issues such as net public benefits. The Government accepted Harper’s findings. We have been deeply engaged in all key competition policy reviews (including Harper, and previous Productivity Commission reviews).

Amidst the references in the Paper about issues noted above, it beggars belief that there is a statement in the Paper which suggests there is a need for policy that enables the ‘viability’ and ‘competitiveness’ of new/emerging retail formats (noting that such ‘formats’ aren’t described in the Paper).

The SCCA is a strong proponent of centres-based planning. The concentration of activity in centres, including retail uses and development, supports many ‘public good’ outcomes sought by planning systems. These include choice for consumers, transport/infrastructure efficiency and productivity, environmental and heritage protection, resource protection, employment concentration, and the minimisation of land-use conflict.

The SCCA supports the discussion expressed on the benefits of the agglomeration of economies on page 31 of the discussion paper. This has a direct relationship to the “Poly-centric Urban Structure” endorsed as a template by the Commonwealth Parliamentary inquiry into Australian Cities.

SGS Economics & Planning (SGS) on page 31 of the Discussion paper identify Effective Job Density (EJD) as a key performance indicator upon which the benefits of agglomeration can be measured. While it is recognised that Adelaide has long adopted a Centres based hierarchical planning policy SGS make the statement that:

“Adelaide’s economic geography features a relatively low EJD compared to other Australian cities. This is partially explained by the fact that Adelaide is smaller. However, a lack of spatial concentrations of employment, our high car dependency and resulting traffic congestion dampen agglomeration in this state, and therefore the productivity of our businesses, compared to their interstate counterparts.”

This is not a reflection on the Centres based Planning Policy but instead the relative spatial geography of the Adelaide Metropolitan Area and smaller population.

Reinforcing Activity Centre Land Use Policy and optimising economic advantage from agglomeration is identified by SGS as being able to influence the benefits to the population. Conversely eroding Activity Centre Policy which reduces the opportunity of agglomeration would be considered a negative impact.

The overall benefits of “Centre” based Planning Policy is well articulated throughout the discussion paper noting that:

- “Activity Centres have been one the pillars of South Australia’s growth and development” and have contributed to the “equitable and convenient access to shopping, administrative, cultural, entertainment and other facilities that enable a number of activities in a single trip” reducing the number of travel movements;
- Activity Centres have supported investment in transport achieving “more productive settlement patterns”;
- Activity Centres support the poly-centric urban structure which is “essential if significant suburban CBD’s are to emerge over time”;
- “Centres policy and the associated planning rules can help strengthen this structure”.
With the strength of supporting documentation in favour of Centre based land use policy in the ‘Discussion Paper’ we are at a loss to understand the statement that “State Planning Policies, Regional Plans and the Code will need to navigate the inevitable tensions in centres policy”. **Activity Centre policy does not “shut out new competitors and new retail formats” as expressed.**

There is clear evidence to demonstrate that there is sufficient land within Activity Centres to accommodate new players in the retail market with many activity centres across metropolitan Adelaide recently redeveloped to accommodate these new retailers.

The perceived tension is not as a result of the existing Activity Centre Policy, but in the new retailers seeking to circumvent the established processes that provide transparency in the assessment of the economic justification for development associated with “out-of-centres zones” retailing.

“Out-of-centre zone” retailing erodes the well-established benefits Centres policy and Urban Consolidation, the savings in infrastructure costs brought about by facilitating a more compact urban from.

Centres Policy has resulted in significant Capital Investment which, as identified on page 56, Reference 28C, is “experiencing significant disruption by out-of-centre retailing” and accordingly we fear that further erosion of Activity Centre Planning Policy within the South Australian system will result in:

- a decline in the physical appearance of centres;
- a reduction in the range of goods and services afforded within a centre and accordingly the attractiveness of centres to provide a single point of shopping and services
- the benefits of agglomeration being achieved;
- a drop in targeted investment in transportation services; an
- an increase in private vehicle usage.

The Discussion paper recommends “a review of activity centre zones, as well as the various mixed use zones, is required to check their relevance and update policy as required.”

The SCCA are open to a transparent and informed review of “Activity Centre Zones” based on empirical evidence and analysis and absent from the poorly informed assumptions addressed in this submission.

Specifically, in any review, ‘Out-of-centre’ retailing policy needs to be cautiously approached as the costs of undermining a longstanding planning policy approach around retail and more recently activity centres has the potential to erode the benefits clearly articulated in the Discussion paper around agglomeration.

The statement from the discussion paper, that: “a well formulated centres hierarchy could provide a transparent and accountable benchmark for measuring the costs and benefits attaching to ‘out-of-centre’ or otherwise non-compliant development proposals.” is essential to be the foundation of land use planning policy that will support the benefits of the poly-centric urban structure and agglomeration.

Current and long standing state planning policies within Development Plans provides a basis for the establishment of ‘out-of-centre’ retailing without impacting on the benefits derived from Activity Centre policy.
We specifically note the following Planning Policy Around Centres:

General Objectives – Centres and Retail Development

1. Shopping, administrative, cultural, community, entertainment, educational, religious and recreational facilities located in integrated centres.

2. Centres that ensure rational, economic and convenient provision of goods and services and provide:
   (a) a focus for community life
   (b) safe, permeable, pleasant and accessible walking and cycling networks.

3. The provision of a safe pedestrian environment within centres which gives high priority to pedestrians and public transport.

4. Increased vitality and activity in centres through the introduction and integration of housing.

5. Centres developed in accordance with a hierarchy based on function, so that each type of centre provides a proportion of the total requirement of goods and services commensurate with its role.

6. The hierarchy of centres within the area of metropolitan Adelaide is as follows:
   - Central Business District of the City of Adelaide
   - Regional Centre
   - District Centre
   - Neighbourhood
   - Local Centre.

General Principles of Development Control – Centres and Retail Development

11. A shop or group of shops located outside of zones that allow for retail development should:
    (a) be of a size and type that will not hinder the development, function or viability of any centre zone
    (b) not demonstrably lead to the physical deterioration of any designated centre
    (c) be developed taking into consideration its effect on adjacent development.

Source: City of Tea Tree Gully Development Plan (Consolidated 27 December 2018)

The objectives all support hierarchical based centre policy with General Principle of Development Control 11 providing the opportunity for “a transparent and accountable benchmark for measuring the costs and benefits attaching to ‘out-of-centre’” as expressed on page 37 of the discussion paper.
The following table extracts the direction and recommendations for the transitioning of the current State Planning Policy into the Code and the SCCA’s comments on Sub theme 2.1 –Centres, retail and mixed-use activities.

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<th>KEY OPPORTUNITIES AND CHALLENGES</th>
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<td>Centres are an important part of SA’s economy. There is an opportunity to consolidate the range of centre type zones (including regional centre zones) and transition to the Code.</td>
<td>Transition, update and consolidate the existing contemporary retailing, activity centres and regional centre policies and zones.</td>
<td>A transition from Development Plans to the Planning and Design Code should not fundamentally change the structure of Retail and Centres Policy without a more detailed review on the impacts of any proposed changes to Centre Based Planning Policy. The SCCA are keen to ensure that South Australia’s planning system continues to reinforce a positive, centres-based approach to investment. In this regard, we are concerned that the direction and recommendations for the Code transition do not reflect the Discussion papers clear identification of the importance of activity centres, and the importance of a well-defined and supported centres hierarchy, as being critical to guide development, including investment in retail floorspace, across South Australia.</td>
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<td>Promote mixed use zoning and flexible policy to support innovation, growth and diversity to provide for changing business and market needs, particularly in the right locations.</td>
<td>Review and transition the policy intent of SAPPL mixed use zones.</td>
<td>The SCCA are interested to understand the basis, including the associated evidence and analysis, of commentary in the Draft Policies regarding the “changing structure of retailing”, any why it is has been considered appropriate to reference one type of retailing in the Draft Policies – large format outlets – to the exception of all other ‘types’ of retail. In this regard, we note that shopping centres have responded to, and continue to respond to, changing retail dynamics and consumer preferences, and do so without specific acknowledgement or emphasis via the planning system. The promotion of out-of-centre retailing within mixed-use zones has the potential to fundamentally undermine the benefits derived from the polycentric urban structure and agglomeration advocated within the Discussion Paper.</td>
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<td>Conventional ‘bricks and mortar’ retail industry is experiencing significant disruption by out-of-centre retailing, international competitors entering the market, online retailing and shared economies and this is changing the form, scale, intensity and locations of retail activities.</td>
<td>Undertake a review of retail policy and consider how it can be strengthened to respond to current and future challenges and opportunities.</td>
<td>We are sceptical of commentary about the dynamic nature of the retail market coming from non-industry experts, including issues around online retail and related factors. The SCCA closely monitors and analyses these issues. <strong>We would welcome the opportunity to brief the department.</strong> Conventional “Bricks and mortar” retail industry remains a strong employment generating land use within the state and Activity Centres in the polycentric urban form are supported by the foundation of Retail tenancies to attract property and infrastructure investment. The SCCA are concerned that the Discussion Paper presents an overly simplistic view of the premise of retail competition in the context of planning systems. In our view, a departure from a strong centres-based approach fails to note the other important public policy issues which need to be addressed and managed via the planning system. A weakening of Centres based land use policy will undermine the opportunity for the retail industry to respond to challenges from on-line retailing and the shared benefits of agglomeration.</td>
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<td>The Bulky Goods Zone is not consistent with general zone structure and intent as it lacks fundamental policy differentiation to warrant separate zoning / policy identification.</td>
<td>Transition of the policy intent of the SAPPL Bulky Goods Zone into a broader zone option.</td>
<td>A holistic review of the Bulky Goods Zoning was undertaken by the Minister in 2010, which not only revised the definition of Retail Showroom and expanded the nature of goods that fell within the definition, but also undertook a review of zones where Bulky Goods would be considered appropriate opening up the current “Commercial Zones”.</td>
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<td>Town centres could allow for a ‘softening of edges’ between business and residential activities and mixed use developments.</td>
<td>Review policy opportunities for expansion of activity centre developments into adjacent zones (where appropriate).</td>
<td>We note that this applies to townships outside of the metropolitan area where greater flexibility may be required.</td>
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The Discussion Paper poses four key questions relating to Centres and Retail Planning Policy:

1. 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?

   Ensuring that the long established urban structure of metropolitan Adelaide built around the poly-centric model is maintained and that “a transparent and accountable benchmark for measuring the costs and benefits attaching to ‘out-of-centre’ retailing” is incorporated within the Planning and Design Code.

   So-called new entrants or formats should not be afforded a competitive advantage over other formats, including via the potential structural undermining of centres-based planning or the hierarchy, one-off special treatment on a case by case basis, or related issues (e.g. relaxed development conditions).

2. 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?

   Reinforcement of the current Centre based planning policy.
3. *Is there a need to retain the centres hierarchy or not – is it still relevant to today’s planning?*

Yes, as evident in the discussion paper a centres hierarchy is still essential for supporting the benefits derived from agglomeration in a poly-centric urban structure.

Some rationalisation of the Centres Hierarchy at the local level may be warranted.

4. *Should there be residential development within retail centres? If so, how could / should this occur?*

The SCCA would not support residential being enforced in retail development.

The SCCA would be pleased to meet with relevant staff to discuss this submission, specifically regarding the several selective, ill-informed and outdated claims made about the dynamics of the retail industry, and that activity centres are shutting out competition. Please do not hesitate to contact me on [redacted] to discuss further.

Yours sincerely,

Nadia Superina
Policy Officer