



STATE
PLANNING
COMMISSION



THE BLUEPRINT FOR SOUTH AUSTRALIA'S PLANNING AND DESIGN CODE



PRODUCTIVE ECONOMY POLICY DISCUSSION PAPER SUMMARY

AIM OF THE DISCUSSION PAPER

The Productive Economy discussion paper outlines the key issues and opportunities associated with enhancing South Australia's economic competitiveness as we move into our new planning system.

In particular, it focuses on the role the planning system can play in protecting and growing key industries, linking people to jobs, goods and services, providing infrastructure to enhance liveability, and facilitating greater opportunities for innovation.

We look forward to hearing your views on the recommendations put forward in the paper, and generally outlined in this summary, as we continue to work together to build a successful new planning system of which we can all be proud.

For the full discussion paper visit: www.saplanningportal.sa.gov.au

What the paper does

Reviews current local, national and global economic trends and opportunities for growth and innovation.



Clarifies the role of planning in supporting those opportunities, in line with current state direction.



Provides policy recommendations for the new Planning and Design Code.

The Productive Economy Policy Discussion Paper is one of four papers that explore land-use policies in South Australia.

The purpose of the paper is not to write state economic strategy, but to maximise the contribution planning and the development of land can make to the state's prospects.

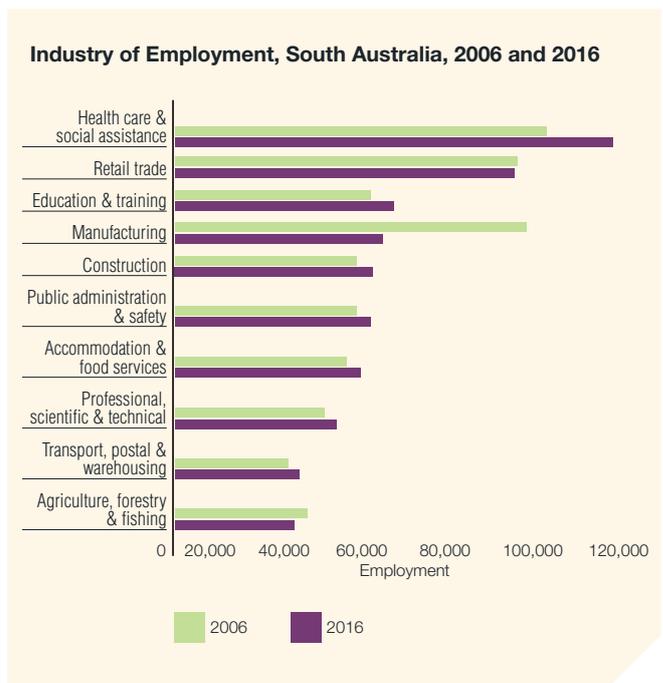
The foundation of this paper has been derived from work prepared by Deloitte Access Economics and SGS Economics and Planning.

KEY TRENDS AND PROSPECTS

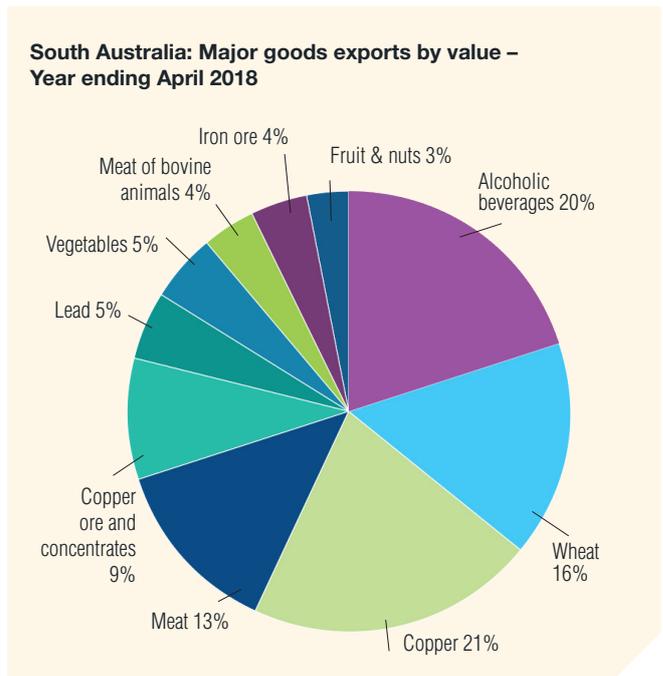
The South Australian economy has a rich history in agriculture, manufacturing and natural resources, but manufacturing has declined over the past two decades – decreasing from 16 per cent of gross value added (GVA) in 1990 to 8 per cent in 2017.

Influenced by advancements in technology, globalisation and environmental change, the base of the state's economy continues to move away from manufacturing to services. Some service industries have already begun to fill the gap left by manufacturing, in particular health care and financial services. However, there is more we can do to unlock the full potential of South Australia's economy.

The figures opposite illustrate changes in employment between different key sectors (between 2006 and 2016) and the major goods exported by value in the year ending June 2018.



Source: Australian Bureau of Statistics 2006 & 2016 Census of Population and Housing



Source: Australian Bureau of Statistics 5368.0

The following section sets out a range of global and local trends that will drive economic change in South Australia.

Global trends and influences

Globalisation and emerging markets

Globalisation is affecting both demand and supply in South Australia and across developed nations as a whole.

On the demand side, Australia's close proximity to Asia is providing access to new markets (eg. in agriculture), with more than 3 billion people in Asia becoming part of the middle class by 2030.

Globalisation and emerging markets are also affecting South Australia on the supply side, placing pressure on industries which are less competitive (eg. automotive manufacturing) compared to those in emerging economies with lower costs of production.

Environmental impacts

Climate change and the depletion of natural resources are expected to have significant effects on Australia's environment, placing pressure on water and food production systems.

These environmental impacts will have flow on effects for many parts of the economy. For South Australia, these effects may be particularly acute, given its large agricultural sector. At the same time new opportunities are created (eg. in renewable energies).

Emerging technologies

With the introduction of new technologies such as artificial intelligence (AI), automation and 3D printing, economies across the world are being transformed and are impacting both how goods are produced and how services are performed.

Changing consumer preferences

Consumer preferences are rapidly changing and what consumers are buying and how they are purchasing goods and services is being redefined by technology and globalisation. Recent times have seen the significant growth of e-commerce, which is driven by consumers seeking greater value, greater variety and increased use of mobile devices.

Local trends and influences

Population

South Australia's population (latest ABS estimates) is 1.73 million or 7 per cent of the Australian population.

The Government has foreshadowed an agenda to grow the state's population at a higher rate to help support our economy and provide more opportunities for South Australians.

As Adelaide's population increases, albeit slower than other cities, the planning system will need to facilitate development to accommodate this growing population and the industries that grow with them.

Urbanisation and shrinking rural population

From 2006 to 2016 the population of the Greater Adelaide Region grew by 11.9 per cent, while the population of country South Australia increased by only 3 per cent. As more people choose to live in urban areas this will affect the requirements for housing and other infrastructure in Adelaide and its surrounds.

Liveability and attracting labour

South Australia's challenge is to attract workers to our cities and regions by creating a more ideal lifestyle compared to other states. Land use planning plays an important role in enhancing liveability and attracting labour by creating the right conditions for housing affordability and ease of transportation.

Increased mobility

Workforce mobility is critical to finding the most suitable workers for a particular job. It also allows people to move to where employment is available or to work without having to relocate.

Ensuring the right conditions are in place to allow for transport infrastructure development will be crucial in enhancing mobility across our cities and towns for our labour force, and to regional areas for freight routes.

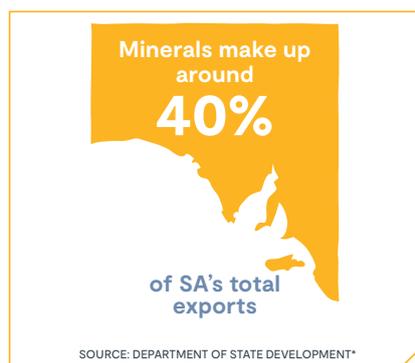
South Australia's Competitive Advantages

Based on the latest economic trends and evidence, the following sectors have the potential to offer South Australia opportunity to capitalise on a greater level of economic growth.

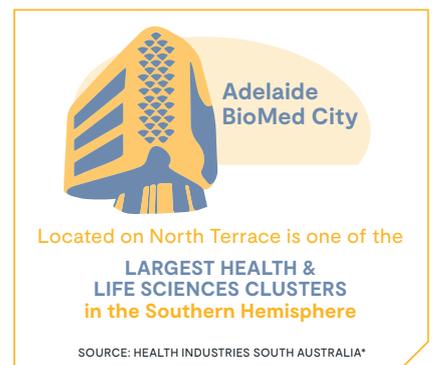
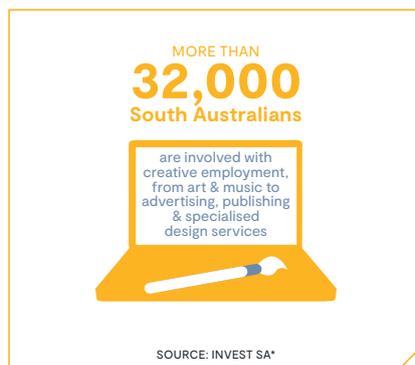
An efficient and effective planning system, as part of a supportive broader regulatory and policy environment, will enable these sectors of our economy to have significant positive influence on our state's future prosperity.

Areas of key competitive advantage include:

- International education** – our largest services sector export, worth \$1.5 billion annually; ensuring students have access to housing, transport and essential services is critical in supporting the growing education sector
- Energy and resources** – a productive economy is founded on a diverse, cost-effective and secure network of energy provision; Australia is forecast to experience a 35% growth in energy consumption over the next decade
- Tourism and visitor attraction** – the state's tourism expenditure has increased to a record \$6.6 billion, with the sector showing significant growth potential; currently around 36,000 people are employed in the industry
- Agribusiness and value-adding** – known as the 'wine capital', the state produces almost 80% of the nation's premium wine and is also renowned for high quality foodstuffs. The food processing industry has emerged as the state's largest manufacturing sector



- **Defence industries** – home to three large defence industry precincts, South Australia has the only state-based defence agency (Defence SA) and around a quarter of the nation's specialist defence investment is concentrated here
- **Health and medical industries** – there is significant potential in the healthcare and medical research sector; Adelaide is home to BioMed City, one of the largest health and life science clusters in the southern hemisphere
- **Knowledge and creative industries** – cultural events attract a large number performers and visitors to the state; the Adelaide Fringe is the largest selling ticketed festival in Australia. There are also other creative industries pivotal to the economy, including theatre and film
- **Professional and information technology services** – these contributed over \$14.7 billion to the economy as is transitions to one which is service-focused. Evolving technology continues to change the way business is done, how we live our lives and how urban and regional environments are shaped.



THE PLANNING SYSTEM AND ITS CONTRIBUTION TO THE STATE'S ECONOMY

Supporting our future economic prosperity through the new planning system

Investors and businesses seek clarity, opportunity and security and the planning system has an important role to play in this regard. This can be achieved through a strategically planned supply of land; the identification and provision of supporting infrastructure such as freight networks; and planning policy which is clearly articulated and flexible enough to respond to future challenges and opportunities.

How can the new system deliver a productive economy?

The planning and development system impacts on economic drivers and generally comprises four key elements (see page 7). The two blue circles relate to administration of planning process and the two yellow circles are concerned with making and applying policy. Together, they involve the creation of visions and plans for the development of neighbourhoods, towns, cities and regions and the formulation of policies to regulate land use and development to achieve these visions.

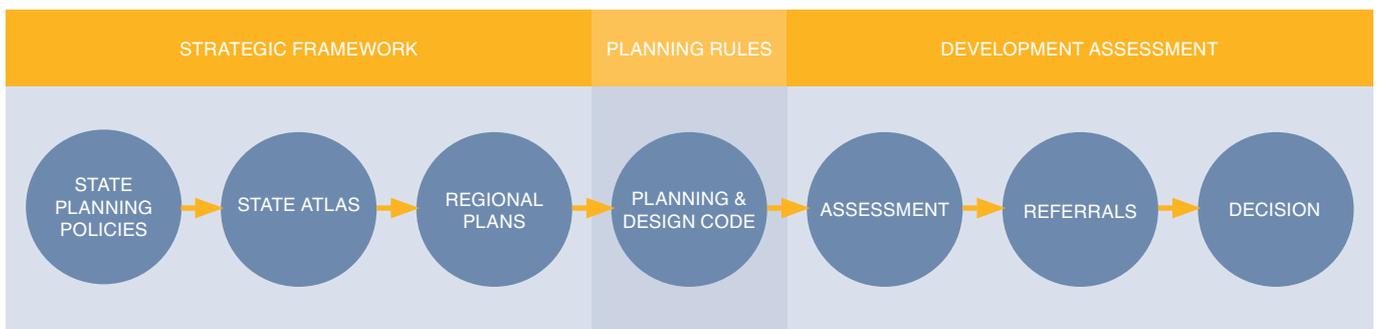
All four elements are important for a productive economy. Efficiency in regulatory process and review affects the risk profile of potential investments and the costs of doing business. The planning reform process is, in part, an effort to ensure these elements are more transparent, consistent and reliable and to ensure streamlined decision making.

Also motivating reform is the intention to better align the policy content of the system with the state's economic development imperatives and potential. The Code has a vital part to play in achieving this.

The zones, policies and particular requirements applying to various types of land use and construction activity including amongst other things buffers, set-backs, heritage, car parking, open space, development contributions and various amenity controls are tools to enable visions and strategic plans to be put into practice.

These provisions represent the building blocks with which the planning policies for neighbourhoods, towns, cities and regions will be constructed.

The creation of the Code represents a once-in-a-generation opportunity to comprehensively modernise land use and development regulation in South Australia in keeping with the new and emerging drivers of the contemporary economy.



An example of how the new planning system's strategic framework will guide the Planning and Design Code

The Code's policies will need to deliver two essential functions: they must continue in their traditional role of managing negative external impacts; that is, the potential conflicts between incompatible land uses. They must also provide the planning tools for the creation and reinforcement of opportunities and innovations as they arise. For example, where businesses can gain an advantage from access to skills and complementary services in industry clusters.

Managing potential conflicts

It has been recognised for decades that land use planning policies and regulations are necessary if markets are to do their best work. These regulations deal with, for example, noise emissions, traffic and overlooking issues that might otherwise accompany developments.

The planning system needs to support changes in how impacts are managed in cost-effective ways that minimise the need for traditional solutions such as the separation of uses. This means that planning regulation should be subject to continuous modernisation including, for example:

- improved controls to manage external impacts
- zoning models that support mixed use and diversification of business and industry
- planning controls that support emerging business practices and technology.



Elements of the planning system (Source: SGS Economics & Planning Pty Ltd)

Creating and reinforcing opportunities and innovations

Planning policy and regulations can have a significant impact on the enablers of productivity and competitiveness namely export industry performance, access to skills, infrastructure and innovation.

Planning can support key export industries by ensuring sufficient land supply for their expansion; managing the incursion of incompatible land uses (e.g. wine regions at the urban interface); and conserving the built form and public realm values that underpin the state's cultural tourism sector.

Good planning and land use regulations play an important part in creating flexible regional labour markets.

Planning and land use regulation also have a significant role in the formation of innovation precincts and clusters that can incubate creative start-ups and leverage the state's capabilities in knowledge generation and manufacturing.

KEY POLICY AREAS

Theme 1 – Supporting and growing key industries

Primary industries

Primary industries are a key driver of the state's economy; for example food and wine generated approximately \$20 billion annually in revenue and accounted for 50 per cent of the state's total merchandise exports in 2016-17.

With shifting economic patterns, environments and lifestyles, it is critical that land use planning includes strategies and policies that are flexible to support the diversification of compatible activities, encourage innovative land use planning and management, assist in implementing adjustment strategies, add value to activities, and respond to the effects of climate change.

Mining and exploration

Ongoing resource exploration and development of these resources is vital to the delivery of employment, infrastructure, skills and prosperity to the state.

Land use planning generally, and the Code in particular, must adapt to increasing exploration and production in the energy and resources industries, while also addressing environmental impacts.



Key planning themes critical to a productive economy

Tourism

A number of improvements have been made to the planning policy environment in recent years to better support the tourism sector and further recommendations are proposed in the development and implementation of the Code.

Continued growth of the state's tourism industry is dependent on the provision of infrastructure such as accommodation – particularly in Adelaide, but also in regional areas.

Nature-based tourism is a significant growth area for our state and managing development activities within these locations (such as Kangaroo Island and the Eyre Peninsula).

Where can the Code help?

Policies, zoning provisions and development regulations will continue to be needed to maintain sufficient land supply for the retention and expansion of land-intensive industries.

The Code will apply suitable buffers and hazard management zones to avoid compromising efficient industrial or agricultural operations.

Other critical factors of production for strategic exporters that need to be protected and enhanced include soils and landscapes for food producers and heritage buildings and streetscapes in Adelaide and other cultural tourism locations.

Theme 2 – Linking people to jobs, goods and services

This includes the capacity of businesses and individuals to build commercially valuable knowledge through ‘agglomeration’ – knowledge spill-overs from being able to connect and interact with complementary enterprises.

Centres, retail and mixed use activities

Activity centres have been one of the pillars of South Australia’s growth and development. They have contributed to the form and pattern of development and enabled a more equitable and convenient access to shopping, administrative, cultural, entertainment and other facilities that enable a number of activities in a single trip.

The challenge in realising the potential of centres policy is to strike the right balance between achievement of the desired urban form and the maintenance of healthy competition and investment in the retail sector, a major economic agent and employer in its own right.



Employment lands (industry, manufacturing and commercial)

Manufacturing in South Australia continues to provide a meaningful level of diversification. It comprises a significant share of the state’s economic activity and accounts for approximately 8 per cent of jobs.

Food and beverage product manufacturing has grown to account for approximately 30 per cent of manufacturing jobs (and continues to grow) and defence manufacturing is also strong, with a quarter of the nation’s specialist defence businesses located here.

However, uncertainty about the future of manufacturing as a result of economic instability and rising power, transport and labour costs provides a basis to review the role of land use planning policy in facilitating more innovative and competitive industrial and commercial sectors.

Theme 3 – Providing infrastructure to enhance our liveability

Renewable Energy

Nationally and locally, the renewable energy industry is undergoing significant change.

The Code will therefore need to be regularly updated to reflect new forms of energy generation, storage and distribution.

In particular, policy needs to be updated to:

- support renewable energy generation where it can co-exist with primary production activities

- manage impacts from their construction and operations (e.g. heat, dust and glare)
- incentivise the uptake of renewable energy technologies within developments.

Adaptive Reuse

Adaptive reuse is the process of repurposing buildings for viable new uses other than those originally intended.

Such reuse brings a range of benefits including energy conservation (avoiding demolition and dumping costs), environmental and public health benefits (remediation of contaminants), enhanced community character and amenity, increased economic investment and community vitality, and reduced costs and time. It can also enable the use of interesting design and innovative ideas.

Infrastructure

South Australia’s cities, towns and regions must have the transport, water, communications and energy infrastructure required by a modern economy. This requires careful strategic planning of infrastructure networks and the protection of land and corridors to enable future service provision.

A traditionally important function of zoning is to support the public acquisition of land for infrastructure provision and other community purposes. Zones and planning policies in the Code must ensure planners and policy makers can make appropriate provision for these lower-profile, but important, economic activities.

Theme 4 – Facilitating innovation and enabling investment

Planning also has a vital role to play in connecting the economic, physical and networking assets that make up innovation ecosystems and precincts. Economic assets refer to a grouping of larger and smaller businesses which have latent capacity for competitive collaboration. Physical assets refers to land and built assets to host this collaboration. Networking assets refer to the governance arrangements required which turn latent collaboration into actual joint value adding (see right).

Collaboration and clustering

The precinct level clustering of related economic activities is well known to boost the productivity of businesses. It can facilitate business networks and the sharing of knowledge and unlock economies of scope and scale.

If these innovation precinct criteria (outlined right) are evident or achievable, special zones or overlays may be justified to unlock the potential of the area in question or to prevent the loss of this potential through short-sighted development.

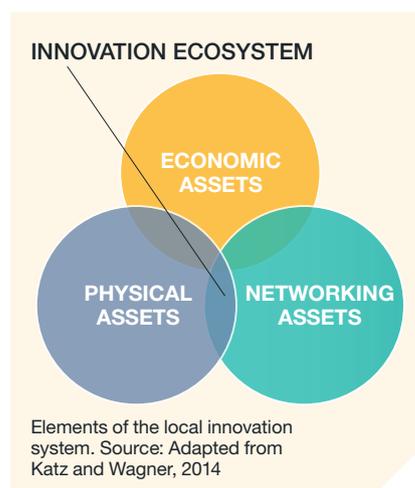
e-Commerce and the sharing economy

Advances in technology are beginning to significantly disrupt traditional businesses by enabling new competitors and activities to emerge via digital technologies rather than as a physical presence.

The scale, form, effects and development intensity of e-commerce impacts are still to fully manifest. However, existing policy which focuses on mixed uses and provides a good foundation for the changing economic and built environment must be made more flexible so that these new development formats can emerge and grow.

Innovation precinct criteria

- Critical mass
- Competitive advantage
- Quality of place
- Diversity and inclusion
- Collaboration.
- Affordability
- Infrastructure
- Accessibility
- Anchor institutions.



THE PLANNING AND DESIGN CODE

The Planning and Design Code (the Code) will be a single set of planning policies for assessing all development applications across the state, replacing the complex and at times inconsistent planning rules found within the 72 Development Plans currently in use. The Code will be a fully electronic system that enables you to quickly identify the planning policies that affect land, or that will be considered in assessing a development application.

The full discussion paper lists in detail the current state of the South Australian Planning Policy Library (SAPPL) and the work required across a range of areas to make the Planning and Design Code fit for purpose. The paper outlines three types of recommendations and their associated timing.

Transition ready	Current policy that requires minimal change and will be transitioned into the first generation (July 2020) of the Code Policy Library (Transitional)
Reform (Gen 1)	Current policy that is recommended for improvement before it is transitioned into the first generation (July 2020) of the Code Policy Library (reform which is minor based on research and engagement which is already well progressed or underway)
Reform (Gen 2 and beyond)	Gaps within existing policy that require further research and discussion before they can be considered for inclusion (Second generation and beyond) of the Code Policy Library (Reform in a new area)

Recommendations for the Code

The discussion paper provides a set of policy recommendations for the Code that are critical to helping facilitate the delivery of a productive economy, namely:

Transitioning what we do well (Transition ready)

A lot of good, contemporary policy currently exists which is proposed to be transitioned to the Planning and Design Code. For example the Environment and Food Production Areas and Barossa Valley and McLaren Vale Character Preservation Districts, bulk handling, mineral extraction, and mixed use and commercial activities.

Improvements we would like to make straight away (Reform – Gen 1)

There are a number of areas where we have identified opportunities to consolidate, rationalise and enhance a range of policies to ensure they perform at their best. Some key policy areas for general improvement include:

- Provide improved policy guidance in relation to renewable energy developments.

- Strengthen and improve policy to support tourism.
- Ensure on-site development activities complementary or ancillary to primary production are recognised in the Code.
- Undertake a review of retail policy to determine how it can be strengthened to respond to significant disruptors, including on-line retailing and international competitors.
- Strengthen zoning to protect industrial activities from encroachment by conflicting land uses.
- Identify further policy incentives to encourage the adaptive re-use of buildings.
- Identify opportunities for improved policies to support clustering specialist development within a zone and/or adoption of emerging technologies.

More significant reform (Reform – Gen 2 and beyond)

There are some important areas of reform that will require more comprehensive investigation and engagement to deliver.

Some key areas identified for more detailed reform include:

- Investigating anticipated impacts of e-commerce to ensure Code policy can respond.
- Policy to facilitate the adaptive re-use of disused farm dwellings, where appropriate.
- Review of centres and activity centres policy for urban and regional locations.
- Improved zoning to support industry and commercial clusters.
- A more standardised urban/rural interface buffer policy that can be applied across South Australia, with locational variation, where required.
- Updated policies relating to commercial and non-commercial animal keeping.
- Improved aquaculture policy that is consistent with current industry standards, including separation distances.
- Review definitions in order to keep pace with modern farming practices, requirements or directions as well as provide greater certainty in relation to tourism development.
- Strengthen and improve the consistency of policy governing mining activities.

NEXT STEPS

The Productive Economy Discussion Paper will be out for public consultation until 22 February 2019. The feedback received will inform the preparation of Generation 1 of the Code Policy Library and help prioritise future work and investigations for subsequent generations of the Code.



HAVE YOUR SAY

In recognition of the importance of collaboration in building a successful new planning system, the Commission is seeking feedback from planners, the community, industry professionals, educational institutions and other interested parties.

Your feedback is encouraged via:

- SA Planning Portal: Visit the Have Your Say webpage and lodge a submission at http://www.saplanningportal.sa.gov.au/have_your_say
- Email: DPTI.PlanningEngagement@sa.gov.au
- Post: PO Box 1815, Adelaide SA 5001



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