

Mr John Stimson  
Presiding Member  
Expert Panel, Planning & Design Code Implementation Review  
GPO Box 1815,  
Adelaide SA 5001

Dear John,

I refer to the Planning & Design Code Implementation Review which is currently out for public consultation and wish to provide the following response **on behalf of State's** independent retail sector, South Australian Independent Retailers (SAIR).

#### SAIR Background

SAIR advocates on behalf of the 120 owners representing 224 independent supermarkets stores which are branded Foodland, IGA, IGA Local Grocer and Foodworks. This sector employs some 12,000 people which also includes staff in **the sector's major** wholesale distribution centre at Gepps Cross

**The Retail/Wholesale Industry is the biggest 'private' employer in South Australia (circa 102,000) and independent supermarkets are the largest sector i.e. circa 12%**

As a collective group, this sector is the largest private employer in the State and maintains a greater than 20% market share.

The South Australian supermarket industry is a robust marketplace in which the independents vigorously compete against the major national and international chains.

The independents are driven by having a strong emphasis on:

- **quality customer service and support**
- **targeting and promoting local South Australian brands of manufactured food and grocery products**
- **promoting the largest range of Australian branded food and grocery products**
- **leading the promotion of South Australian and Australian fresh meat, fresh fruit and vegetables**

Independents in South Australia provide excellent career pathways and take the training and development of their staff very seriously, in order to provide local quality customer service and employ more people per store than their competitors.

#### SA Retail Market – State of Play

While we are confining our submission in the main to the South Australian independent supermarket sector, the more recent and current state of play is worth outlining as it cuts to the heart of the planning policy positions that we are advocating.

Although the food and grocery sector is experiencing a more 'stable' economy, there are still other factors to consider and as cost of living pressures continue to impact household spending the sector is going to continue to face headwinds post the COVID pandemic

Consumers are holding back on their discretionary spending due to rising cost of living expenses in particular rent, /mortgages and consumables such as energy, healthcare, education, transportation, rates and taxes and insurances etc.

We have like many other industries weathered the COVID pandemic along with natural disasters in terms of storm damage and the current flood risk continues to impact communities we serve.

**We are also seeing more regularly in South Australia, 'small shopping centres' across the State with tenancy vacancies up to 50%. In some instances, there are 100% vacancies i.e. completely vacant shopping centres, scattered around both metropolitan Adelaide and regional South Australia.**

This is a trend that has been increasing over the last few years in the United States of America.

The lag time between their retail market experiences and ours is traditionally around 3 years and as such we must act now to sure up our centres' **hierarchy** to ensure the same does not happen here in South Australia.

Most of our owners are traditionally the anchor tenant in shopping centres. Moreover, the other businesses within these **shopping centres are mainly South Australian owned and categorised as SME's e.g. local pharmacies, butchers, florists, newsagents, locally run Post Offices, takeaway shops, bakeries, medical and dental practices etc.**

Our family-owned independents' **pride themselves in serving their local communities, partnering with their local supply chains, working with all locally owned retail business operators, supporting local service & sporting organisations.**

However, our independents are increasingly **concerned about urban/retail developments that only consider 'progress for progresses sake' and the 'we need large land holdings and do not want to pay retail floor space rates'** and not the unintended consequences resulting from poor planning.

It is our firm and considered view that there is a real need to further strengthen and **protect the centres' hierarchy**, to avoid additional and unnecessary pressure on the market place, where there is no more demand, no more spending and low population growth.

#### SAIR Policy - **Centre's Hierarchy**

So the expert panel is aware, SAIR had been prosecuting over many years the importance of, and the need to retain and strengthen centres policy and the activity centres hierarchy to ensure a level playing field for all retail players, in particular supermarket retailers.

We have taken a strong and vocal position throughout the various consultation stages of the Code in regard to prioritising activity centres and main street zones as the primary places for supermarket retailing, while calling for edge of centre development around existing centres and the introduction of policy to better **guide 'out of centre' development.**

In the past, the location of supermarkets and **shopping centres 'out of centres'** and outside of townships, main streets and core business areas have had dreadful community consequences, dividing towns, sending existing main street businesses broke and resulting in vacant shops littering main streets and townships.

We have seen first-hand the negative impacts of this poor retail planning policy, particularly on independent supermarkets and communities in towns like Renmark, Mt Gambier, Port Augusta, Whyalla and Victor Harbor just to name a few.

Put simply, centres (and supermarkets) that are allowed to establish in outside of centre zones or in centre zones that have been spatially placed in the wrong location (Renmark), enables developers to acquire and develop land where the

entry costs are lower than retail or commercial zoned land, thus giving the 'out of centre' developer a commercial and competitive advantage.

SAIR is firm in its position that while we support small-scale retailing in the form of local cafes, personal services establishments, offices and consulting rooms to activate and provide convenience services to local communities, we do not support full line supermarkets or supermarkets generally outside of 'centre' zones.

**Moreover, it is our view strong view that 'shops' or 'group of shops' over 1,000m2 of gross leasable floor area should only be located within centre zones, meaning the DTS criteria should be limited to 500m2 and be a restricted form of development for shops greater than 1000m2 in all zones other than activity centres, main streets or township zones.**

Furthermore, any new proposed activity centres with supermarkets (which include shops or group of shops over 1,000m2) should be subject to a thorough and robust net community benefit test that clearly demonstrates evidence of over trading, under supply of retail gross leasable floor areas and an impact assessment on the existing community shopping centres as hubs as part of its assessment. This is particularly **the case for any 'out of centre' development.**

We acknowledge and appreciate that many of these policy positions and recommendations have made their way into the Code.

However, after spending some 18 months now getting to know the Code, we are of the view that some minor edits are required in order to provide a greater level of detail and policy direction **for 'out-of-centre' development to help guide the assessment of suitable developments and limit those which are simply unsuitable.**

While the current desired outcome and more particularly the performance outcomes for the 'Out of Activity Centre **Development**' section in Part 4 General Development Policies are supported, we believe there is merit in the panel considering some alterations and additions to the current policy wording in order to provide a greater level of direction around the concepts, the concept of impact and locality or catchment which are not currently in the Code.

In our view, the Code has lost some of the previous policy direction and guidance with respect to the broader locality context and as a result the relevant authority assessment processes have become subject site centric and built form performance focused, to the detriment of the broader locality (catchment) and as such the communities which reside and work within it.

In our view the potential impact of a development on its broader locality and community needs to have a greater focus that is currently does in the Code.

We believe that the alterations and additions outlined below to the current **Part 4 General Development Policies** 'Out of Activity Centre Development', Assessment Provisions (AP) will address these concerns.

These alterations can be best characterised as follows;

- Modifying PO1.1 to ensure there is no **'unacceptable level of impact'** (on existing lawful land uses) in addition to not diminishing the role of Activity Centres; and
- **Replacing the word 'locations'** with 'retail **catchments**' in PO 1.2 to ensure the provision of services and facilities in out of centres location is about servicing a potentially under serviced 'retail catchment' and not an under serviced 'location', which could easily be seen at site specific, namely the subject site is under serviced which is clearly not the policy intent.

The alterations and additions are outlined below in **green**.

Desired Outcome (DO)

DO1 *The role of Activity Centres in contributing to the form and pattern of development and enabling equitable and convenient access to a range of shopping, administrative, cultural, entertainment and other facilities in a single trip is maintained and reinforced. – no changes*

PO 1.1 *Non-residential development outside Activity Centres of a scale and type that does not **create an unacceptable level of impact (on existing lawful land uses)**, nor diminish the role of Activity Centres: - add additional words in green*

(a) *as primary locations for shopping, administrative, cultural, entertainment and community services*

(b) *as a focus for regular social and business gatherings*

(c) *in contributing to or maintaining a pattern of development that supports equitable community access to services and facilities.*

PO 1.2 *Out-of-activity centre non-residential development complements Activity Centres through the provision of services and facilities: - replace the word 'locations' with 'retail **catchments**'*

(a) *that support the needs of local residents and workers, particularly in underserved ~~locations~~ **retail catchments***

(b) *at the edge of Activities Centres where they cannot readily be accommodated within an existing Activity Centre to expand the range of services on offer and support the role of the Activity Centre.*

### **Net Community benefit test & 'Out of Centre' development**

SAIR has previously made this point below and wishes to again for this new expert panel to discuss and carefully consider.

We feel it is worth the expert panel considering the Productivity Commissions views on planning systems and the application of a Net Community benefit Test when it comes to new activity centres.

To that end, competition should be seen within the context of net community benefit, a principle which underpins all planning systems. Net community benefit ensures that social, environmental and other welfare (including health and well-being) etc outcomes are considered along with the benefits from heightened competition.

While commonly used modelling tools are relatively good at identifying available expenditure, and hence the profitability of new developments, they are often somewhat futile in assessing the impacts on existing development and, therefore, whether an overall net community benefit is being generated.

It is important therefore to ensure that thorough and robust criteria, that is justifiable, is utilised to assess the net community benefit, and that these are capable of objective review. The net community benefit test needs to examine both quantifiable and unquantifiable aspects of proposals.

It needs to recognise that centres are much more than the provision of retailing, they also represent social and administrative hubs or focal points for communities as well.

In our view the panel should consider the inclusion of a net community benefit test for out of centres development, including as a minimum;

- *Will there be a net benefit in terms of the total value of land and commercial development in the relevant retail catchment?*
- *Will there be any loss of capital value within a specific retail sector, or amongst competing centres so that the retail sector would be restricted in its ability to raise capital and compete?*
- *Will there be a net reduction in overall car travel?*
- *Will there be an increase in local accessibility to frequently used goods and services?*

- *Will new development integrate with and complement an existing centre or, if a new centre, will it not significantly undermine the viability of an existing centre (sequential test)?*
- *Are there other social implications arising from the new development?*
- *What are the implications for net employment?*
- ***Will the development facilitate competition within the relevant retail catchment?***

It is our opinion the impacts and costs associated with a diluted hierarchy of centres are far greater than the potential benefits some may argue for around improved choice and lower price for consumers, these negative impacts and costs are often environmental and social in nature and can be widespread, including;

- increased vehicular use and reduced public transport use and accessibility
- reduced community access to a focussed hub of services, facilities and amenities
- foregone opportunities for urban intensification focussed around the amenity of activity centres anchored by retail uses
- loss of business synergies associated with clustering

Moreover, centres policy and the protection of the centres hierarchy is critical to maintaining the intent of the activity centre typologies outlined in the current version of the 30 Yr Plan for Greater Adelaide and to avoid the negative impacts on communities and towns that result from an over-supply and more particularly poor spatial location of new activity centre developments.

We also hope that the Regional Planning process to follow will bring a strategic planning focus and some deep dive assessments into where particular zones and thus land uses should be spatially located to help drive economic development, jobs and investment in our regions and towns.

#### Definitions – Supermarket and Carparking

SAIR also feels there is merit in defining supermarket and car parking in an amendment to Part 7 – Land Use Definitions, land use terms. Separate defining terms have been developed for bulky goods and restaurants and the same should apply **for supermarkets, while retaining its inclusion under the broader ‘shop’ definition.**

In terms of supermarkets, the principal purpose must be the sale of groceries and foodstuffs in a supermarket format, whereby groceries include food and other articles for household use.

With respect to car parking, and in the absence of a definition, when changing a land use or creating additional carparking to service and existing supermarket for example the unidentified land use traditionally takes on the land use in which it is **servicing, in this case ‘shop’.**

There is a need to develop a definition of car parking to avoid and unnecessary and poorly aligned performance assessment process.

The panel could consider the following definitions, which have been adopted in other jurisdictions.

*Supermarket*      *Supermarket means premises the principal purpose of which is the sale of groceries and foodstuffs to provide for the needs of people who live or work in the local area.*

*Car park*            *An area or building used to park cars or other vehicles on a temporary basis.*

## Gross Leasable Floor Area and Carparking provisions

In respect to gross leasable floor area, the Code now distinguishes between the back of house areas associated with retailing that are common or shared versus the rest of the total floor space with respect to the definition of gross leasable floor area and thus car parking provisions.

Where a retail shop has common storage areas and loading docks, these areas are not considered part of the gross leasable floor area under the definition which links back to car parking requirements.

The current administrative definition states;

*Gross leasable floor area*                      *Means the total floor area of a building excluding public or common tenancy areas such as malls, hallways, verandahs, public or shared tenancy toilets, common storage areas and loading docks*

### My emphasis

This approach inadvertently discriminates against independent supermarket retailers, who are often owner operators of the supermarket, whereby they provide their own Foodland loading and storage facilities, and whereby separate storage and loading docks and facilities are provided for the other retail tenancies within a centre.

This separation is done for logistical reasons and in order to provide the appropriate amount of storage and loading facilities for both individual tenancies and the supermarket proper.

In our view back of house areas, such as loading and storage facilities, should be exempt from the gross leasable floor area calculation, thereby not requiring car parking for these areas, this approach should be common to all retailing and not unfairly disadvantage independent retailers by forcing them to provide car parking for this area because they have chosen to separate their loading and storage for their tenants from the supermarket.

Full line Foodland supermarkets offer substantially more product line items including a far greater proportion of local South Australian suppliers, in particular, as well as Australian suppliers more generally. By default, this means they require far greater back of house storage areas, including increased space for dry store items and cool rooms than their competitors.

To avoid this disadvantage towards the independent supermarkets it is recommended that the **word 'common' is removed** from the last part of the definition, so the definition then reads,

*Gross leasable floor area*                      *Means the total floor area of a building excluding public or common tenancy areas such as malls, hallways, verandahs, public or shared tenancy toilets, and ~~common~~ storage areas and loading docks.*

We look forward to this next process and are very keen to meet and work with the expert panel and the South Australian Government to help drive the activation and development in our State and regional towns in particular and are keen to be an active participant in the upcoming regional planning process.

We look forward to seeing the changes we are recommending being considered and hopefully adopted into the Planning & Design Code to ensure the Code achieves its intentions while does not disadvantaging the independent sector.

Yours sincerely



Sam Zucco

Chairman  
SA Independent Retailers

(On behalf on the 120 South Australian family owners and the 12000 South Australian employees).

15 December 2022

Cc *Hon Nick Champion, MP*  
*Minister for Planning*