

# City Growth Story 2018



CITY OF  
ADELAIDE

# Contents

<b>Introduction</b>	<b>3</b>	Drivers of economic growth	36
<b>Chapter 1 – Social Dimension</b>	<b>5</b>	Education and qualifications	36
Summary	5	Labour force	37
Population growth and change	6	International education	38
Population growth	6	Festivals and events	39
Population by age	8	Tourism	40
Ageing of the population	9	Business Tourism	40
Household growth	12	Competitiveness	41
Drivers of population growth	15	Net overseas migration	41
Policy Drivers	15		
Migration	15	<b>Chapter 4 – Environmental dimension</b>	<b>44</b>
Affordability	16	Summary	44
<b>Chapter 2 – Physical dimension</b>	<b>18</b>	Resource usage	45
Summary	18	Energy use	45
Built environment	19	Water conservation	46
Development environment	19	Waste generation and recovery	47
Development growth	20	Food security	47
Dwelling types	22	Drivers of growth	48
Infrastructure	23	Climate change	48
Heritage	25	Natural landscapes	48
Public realm	25	Urban heat island effect	49
Natural environment	26	<b>Chapter 5 – Cultural dimension</b>	<b>51</b>
Park Lands and Squares	26	Summary	51
<b>Chapter 3 – Economic dimension</b>	<b>28</b>	Cultural landscape	52
Summary	28	Cultural diversity in the city	52
Economic performance	29	Cultural offerings	54
Gross Regional Product	29	Park Lands	54
Business/Sector growth	30	Public art	56
Employment growth	33	Drivers of growth	56
Retail expenditure	34	Leisure and entertainment visitation	56
Consumer and business confidence	35	Festivals growth	57
		<b>References</b>	<b>58</b>

# Introduction

*City Growth Story 2018* brings together information on the drivers of city growth to date as well as the prospects for growth. It is an update on the City Growth Story first published in 2015.

As with the initial piece, the *City Growth Story 2018* takes a broad perspective on “city growth” and considers the drivers of change and the interrelationships between five dimensions of growth – social, physical, economic, environmental and cultural.

In constructing *City Growth Story 2018*, we have drawn on the latest data and statistics available at the time of writing. This includes the most recent Adelaide City Census of Land Use and Employment and the Australian Bureau of Statistics Census, both from 2016, and various third-party reports. Where relevant, *City Growth Story 2018* continues to include insights from the Picture Adelaide 2040 engagement process that informed the *City of Adelaide Strategic Plan 2016-2020* and the *Adelaide Park Lands Management Strategy 2015–2025*. Material on global trends and influences that was researched in 2017 in anticipation of the development of a long-term plan for the City of Adelaide has been included.

Options and strategies for fostering and stimulating city growth are not explored in *City Growth Story 2018* as this is expected to be addressed through any future planning processes.

The *City Growth Story 2018* has been prepared for staff and Council to provide a consistent baseline and help foster a shared understanding of city growth, in order to inform ongoing advice and effective decision-making.





COFFEE	
WHITE	3.8
- COLOMBIA, PANAMA, COSTA RICA	
BLACK	3.5
- COSTA RICA, LA VIOLETA	
COLD BREW	5
- COLOMBIA, SAN LUIS	
CASCARA	5
- BOLIVIA, BUENA VISTA	
TEA	
ENGLISH BREAKFAST	4.5
OO LONG	
ROOIBOS KALAHARI	
PEPPERMINT	
TI KWAN YIN	5.5
GOLDEN TIP	5.5
DRINKS	
ALMOND MILK	4
A2 MILK	4.5
LAKE CREEK MILK	5.5

# Chapter 1 – Social Dimension

# Chapter 1 – Social Dimension

In this chapter you will find information about population growth and the drivers of population change as they relate to the City of Adelaide.

## Summary

The profile of people in the City of Adelaide is changing. There will be more people requiring more housing and jobs and increasing demand for services and facilities.

At the same time, the predominance of 20 to 34-year olds as city residents is set to continue, driven by a return to growth in international student numbers, many of whom fall within this age range. In 2017, 35,716 international students were enrolled in South Australian educational institutions – some 50% higher than the 23,410 students enrolled ten years ago.<sup>1</sup>

In the last decade, population growth in South Australia has been primarily driven by overseas migration and this is set to continue. The focus on attracting skilled migrants to support labour market outcomes means that migrants are typically of a younger age than someone born in Australia; in 2016-17 59% of overseas arrivals to South Australia were aged between 15 and 34. Although this figure includes international students, the propensity to attract young migrants is likely to have substantial impacts on the age profile of the population.

Population ageing will continue to be a key shaping force with the proportion of the population aged 65 and over expected to increase significantly over the coming years. Although migrants will age with the rest of the population, migration can nevertheless offset the consequences of population ageing through their contribution to the workforce, to government funds for essential services and, by having children.<sup>2</sup> This has implications for services demand and presents opportunities for new businesses to establish in the city to meet that demand.

If current trends continue, city households are likely to be dominated by lone person households, with an ongoing low proportion of families with children living in the city.

<sup>1</sup> Austrade, 2018, Basic Pivot Tables – 2002 onwards, <https://www.austrade.gov.au/Australian/Education/Education-Data/Current-data/pivot-tables>

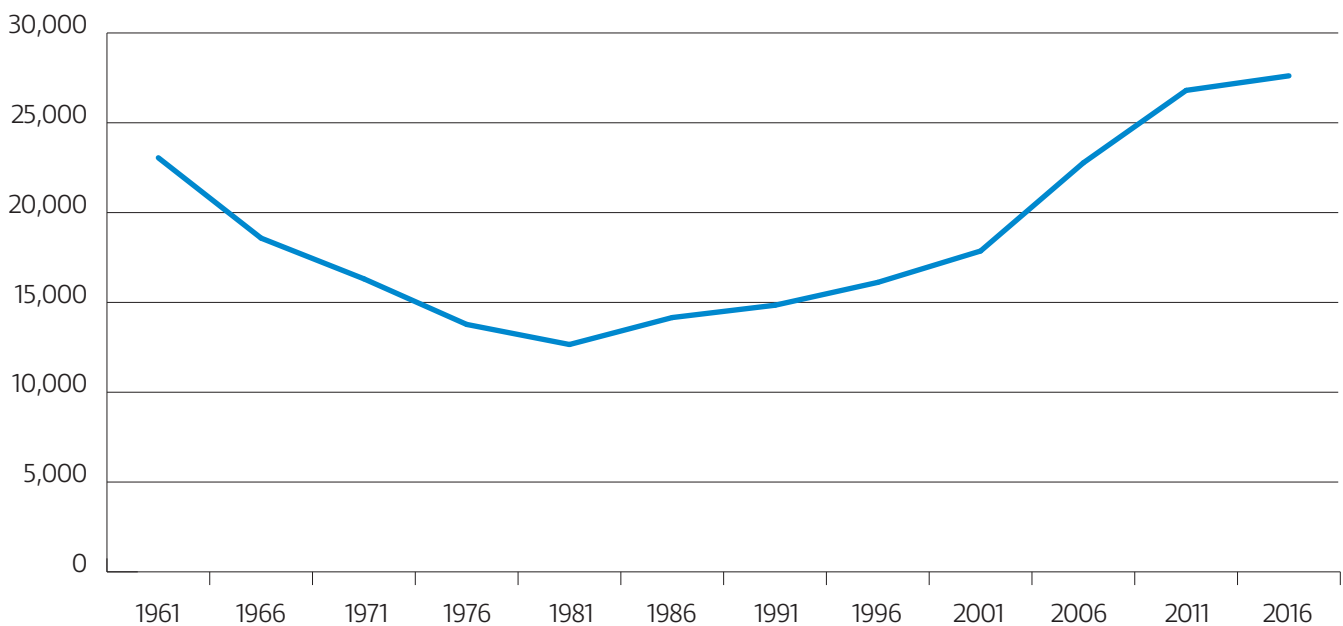
<sup>2</sup> 'Migration helps balance our ageing population – we don't need a moratorium', The Conversation, accessed 10/8/2018, <https://theconversation.com/migration-helps-balance-our-ageing-population-we-dont-need-a-moratorium-100030>

## Population growth and change

### Population growth

The population of the city has varied widely throughout history. In 1915, the city's population peaked at just over 43,000 people. By the early 1980s however, it had reduced to below 13,000 persons. This reduction was the result of almost wholesale conversion of city premises to commercial uses coupled with household preferences for suburban living. Over the last 20 years, the city's population has gradually increased as shown in Figure 1.<sup>3</sup>

Figure 1. City population counts 1961-2016



Source: ABS Census data (enumerated)

Since 1996, the population<sup>4</sup> of the city has increased by 11,499 persons or 71%. This equates to an average of growth of 3% per year and is significantly higher than the growth rate of the South Australian population. During the early to mid-2000s, the city experienced a period of rapid growth which coincided with the City of Adelaide's explicit focus on growth as supported by the delivery of the city's four Growth Plans, which centred on increasing the number of residents, workers, visitors and students in the city.

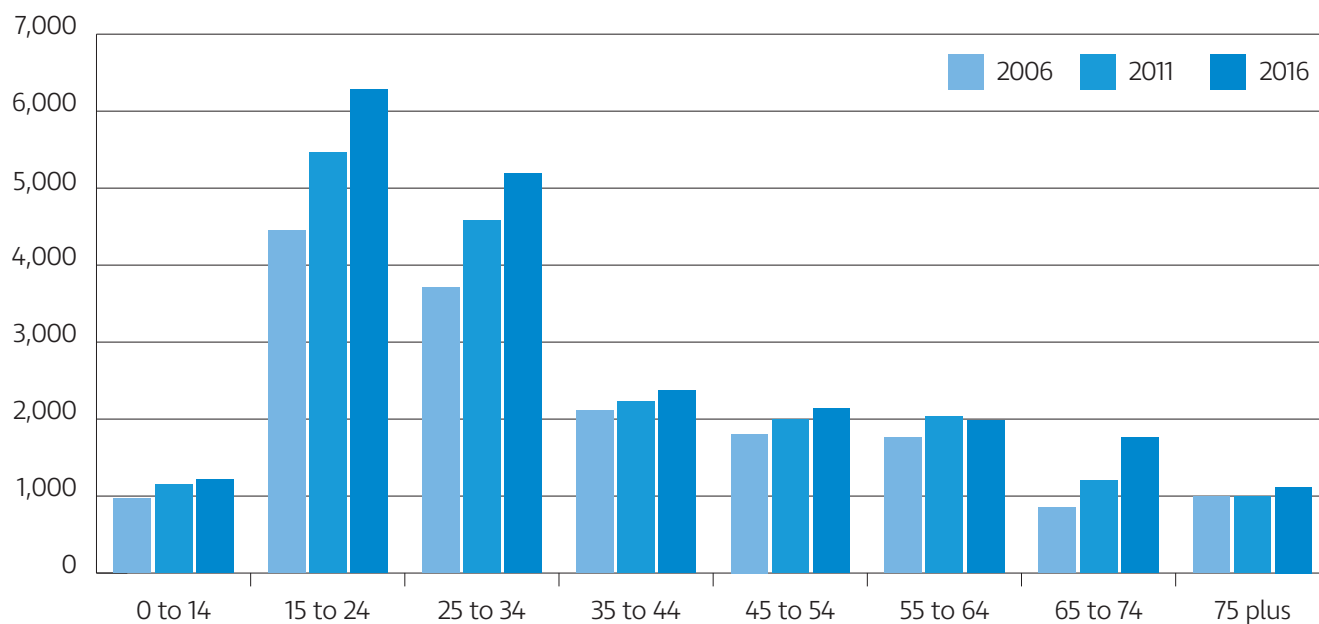
Over the past ten years, growth of the city population slowed, increasing by 4,844 persons between 2006 and 2016, and 811 persons between 2011 and 2016. It is evident that the age profile of the city continues to be dominated by an increasing number of young adults, typically of tertiary education age (Figure 2).

<sup>3</sup> These are the enumerated figures in Census years and are higher than the residential population (people whose usual place of residence was the City of Adelaide). Enumerated counts have been used as usual resident population figures are only available from 2001 Census onwards.

<sup>4</sup> Enumerated population, includes overseas visitors.



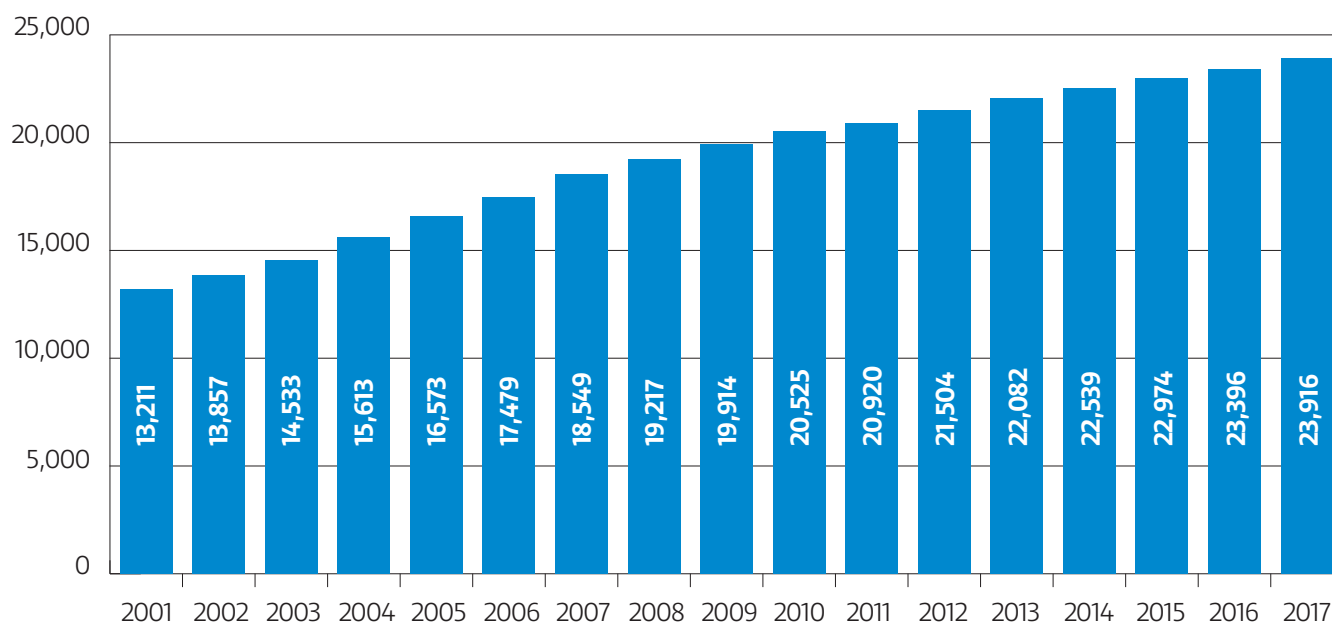
Figure 2. City residents by age – 2006 to 2016



Source: ABS Census data (place of usual residence)

The estimated resident population or ERP, is the official estimate of the city's resident population. ERP is based on residence information gathered from the Australian Bureau of Statistics (ABS) Census and is updated between Censuses. As at 30 June 2017, the city's ERP count was 23,916. The increase in ERP from 2001 to 2017 is illustrated in Figure 3 below.

Figure 3. City of Adelaide ERP – 2001 to 2017



Source: ABS, ERP by LGA (ASGS 2017), 2001 to 2017

Under the then State Government, several initiatives were offered to support population growth in the city including:<sup>5</sup>

- Pre-Construction Grant – \$10,000 for purchasers who enter into an eligible off-the-plan apartment contract between 22 June 2017 and 30 September 2017;
- Off-the-Plan Concession – provides a partial stamp duty concession on the transfer of a new apartment or a substantially refurbished apartment for contracts entered in between 1 July 2014 and 30 June 2018; and
- First Home Owners Grant – up to \$15,000 for the purchase or construction of a new residential property.

Advantages of having a larger population in the city includes allowing businesses to benefit from economies of scale, having the ability to sustain a broader range of industries as well as providing wider employment opportunities.<sup>6</sup>

Resident population growth can also influence the city economy in that it:

- is highly supportive of city retail markets;
- drives job creation and economic growth; and
- feeds innovation and entrepreneurialism.

The future rate and extent of population growth in the city will be significantly influenced by factors such as:

- the availability, diversity and cost of housing;
- the comparative offer of the suburbs;
- the social and community infrastructure on offer;
- jobs growth and employment opportunities;
- the promotion and appeal of the lifestyle attributes of the city;
- the impacts of climate change; and
- net migration.

These aspects of city growth are addressed in the Physical, Cultural and Environment chapters of this document.

## **Population by age**

The scope and direction of city growth is influenced by the composition of the population. The age composition of the population is important because demand for goods and services varies considerably by age and can influence future demand for goods and services such as schools, health services, housing supply and diversity, and city retail mix.

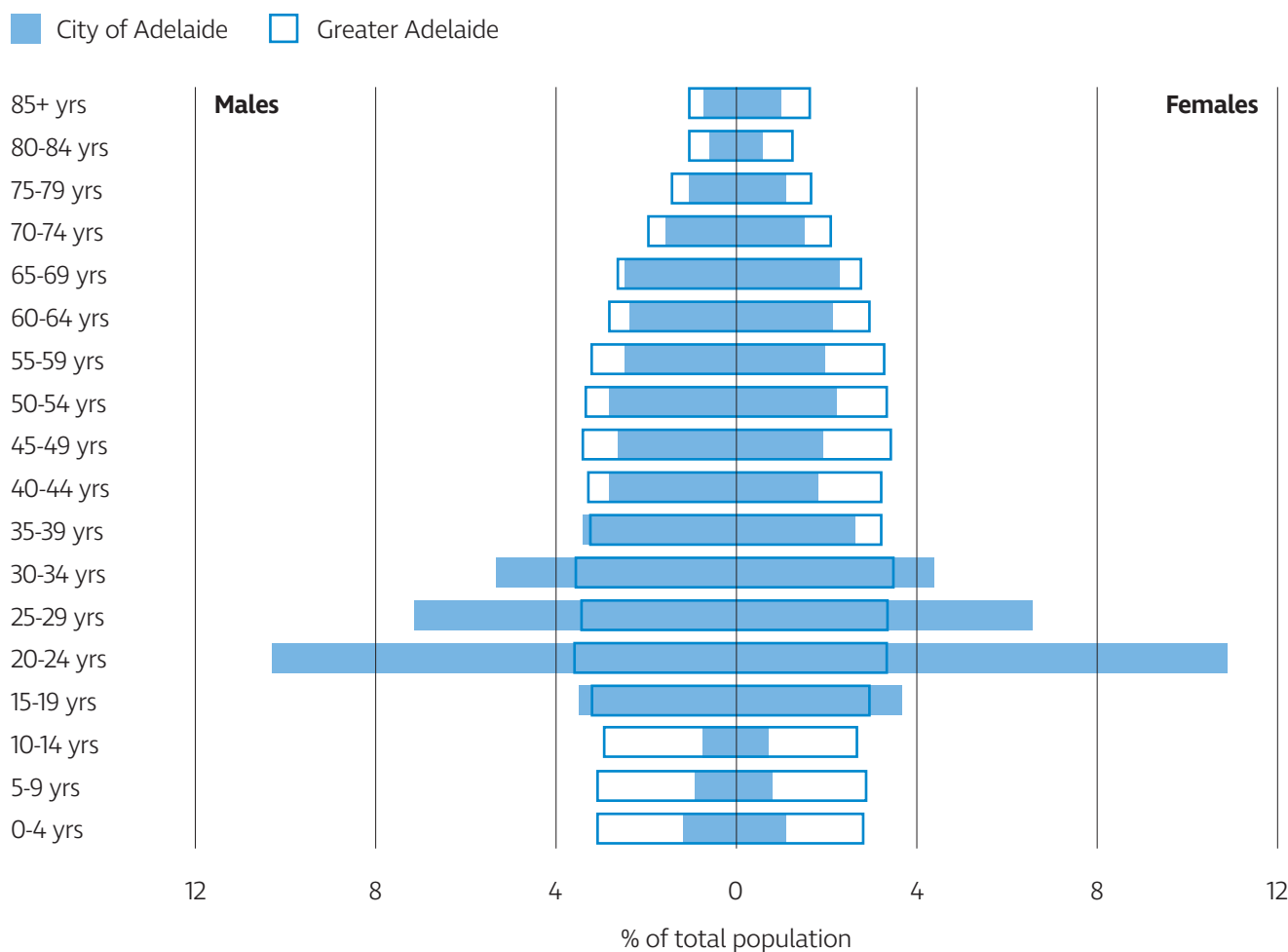
Compared to Greater Adelaide, the City of Adelaide's resident population includes a much higher proportion of young adults. Figure 4, which compares the age profiles of residents in the city and in Greater Adelaide shows that the city population is heavily weighted toward the 20 to 34 age range. This is reflected in the median age of the city population of 30 years, compared to 39 years for Greater Adelaide.

<sup>5</sup> Revenue SA, 'Grants & Concessions', accessed 17/8/18, [www.revenuesa.sa.gov.au/grants-and-concessions/](http://www.revenuesa.sa.gov.au/grants-and-concessions/)

<sup>6</sup> Department of State Growth Tasmania, 2015, 'Population growth strategy: growing Tasmania's population by 650,000 by 2050', accessed, 10/7/18, [https://www.stategrowth.tas.gov.au/\\_\\_data/assets/pdf\\_file/0014/124304/Population\\_Growth\\_Strategy\\_Growing\\_Tas\\_Population\\_for\\_web.pdf](https://www.stategrowth.tas.gov.au/__data/assets/pdf_file/0014/124304/Population_Growth_Strategy_Growing_Tas_Population_for_web.pdf)



Figure 4. Population by age and sex comparison - 2016



Source: ABS Census 2016 (place of usual residence)

### Ageing of the population

It is anticipated that over the next two decades in Australia:<sup>7</sup>

- the number of older people will increase rapidly as the 'shockwave' of baby boomers move past age 65;
- as the proportion of older persons increase, it will worsen ratios between working and non-working population;
- baby boomers will be different to earlier generations economically, socially, in their values, attitudes and expectations; and
- the geographic distribution of older Australians will be different to previous generations.

<sup>7</sup> Hugo, G, 2014, 'The demographic facts of ageing in Australia: patterns of growth', Australian Population and Migration Research Centre Policy Brief Vol.2 No.2., accessed 13/7/2018, [https://www.adelaide.edu.au/hugo-centre/publications/policybriefs/APMRC\\_Policy\\_Brief\\_Vol\\_2\\_2.pdf](https://www.adelaide.edu.au/hugo-centre/publications/policybriefs/APMRC_Policy_Brief_Vol_2_2.pdf)

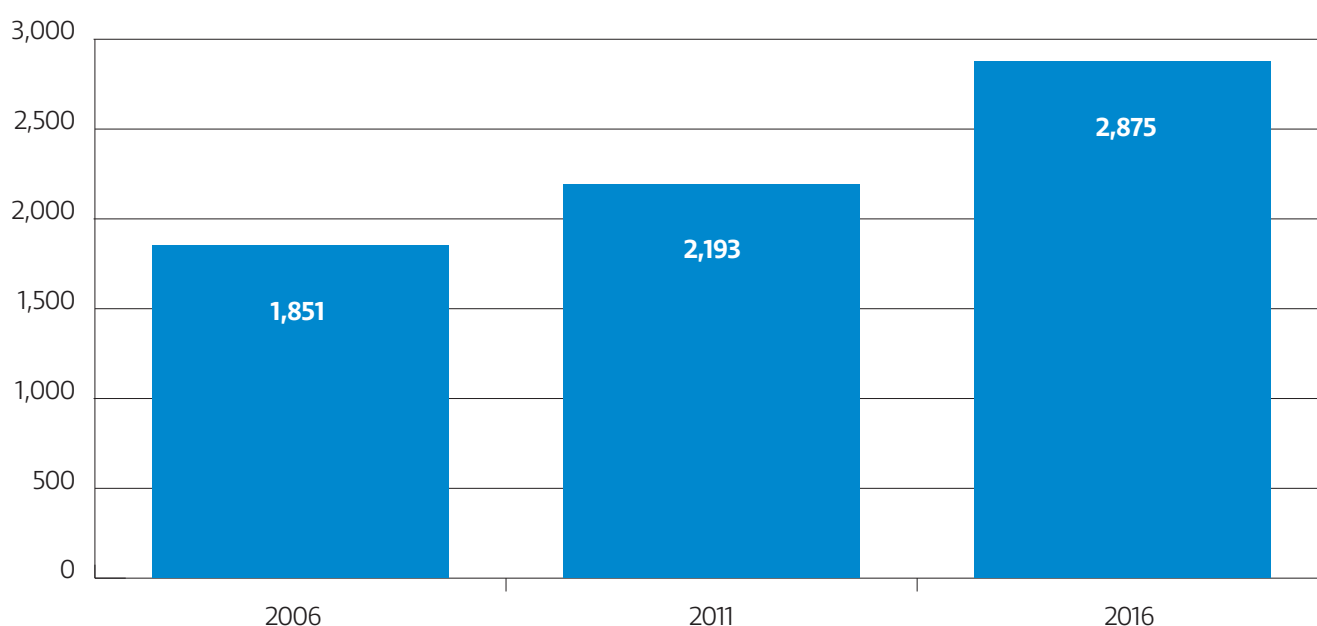
Ageing of the population combined with consistently low birth rates will impact growth by changing the proportion of the working population to the non-working population. Although it is not yet known what the impact of an ageing migrant population will have, consideration needs to be given to the delivery of services to a growing and more culturally diverse group of older residents.

Over the next 25 years the number of people aged 65 and over in South Australia is projected to double. This will put pressure on a range of services used by older people through increased demand at a time when overall growth of the workforce will be slowing.

The slow growth in dependent child and workforce age groups, coupled with high growth in the 65-plus age group across the state reflects the low birth rates in Australia and movement of the baby boomers into older age. In 2016, the total fertility rate, which is the average number of children that a female is likely to bear over her lifetime, is 1.75 for South Australia<sup>8</sup> and 0.80 for the city<sup>9</sup>. Both figures are below the replacement rate of 2.1 which is the number of children a woman needs to have to replace herself and her partner.<sup>10</sup>

While the share of city residents aged 65 and over has seen little change over the past decade (approximately 13% of total residents), the number of older people in the city has grown significantly. Between 2006 and 2016, there were an additional 1,024 people aged 65 and over living in the city, an increase of 55% (Figure 5).

Figure 5. Number of city residents aged 65 and over - 2006 to 2016



Source: ABS Census

8 ABS, 2017, Births, Australia, 2016, [http://stat.data.abs.gov.au/Index.aspx?DatasetCode=FERTILITY\\_AGE\\_ST](http://stat.data.abs.gov.au/Index.aspx?DatasetCode=FERTILITY_AGE_ST), accessed 20/7/2018

9 Population and household forecasts, 2016 to 2036, prepared by .id, the population experts, September 2017, <https://forecast.id.com.au/adelaide/births-deaths>, accessed 20/7/2018

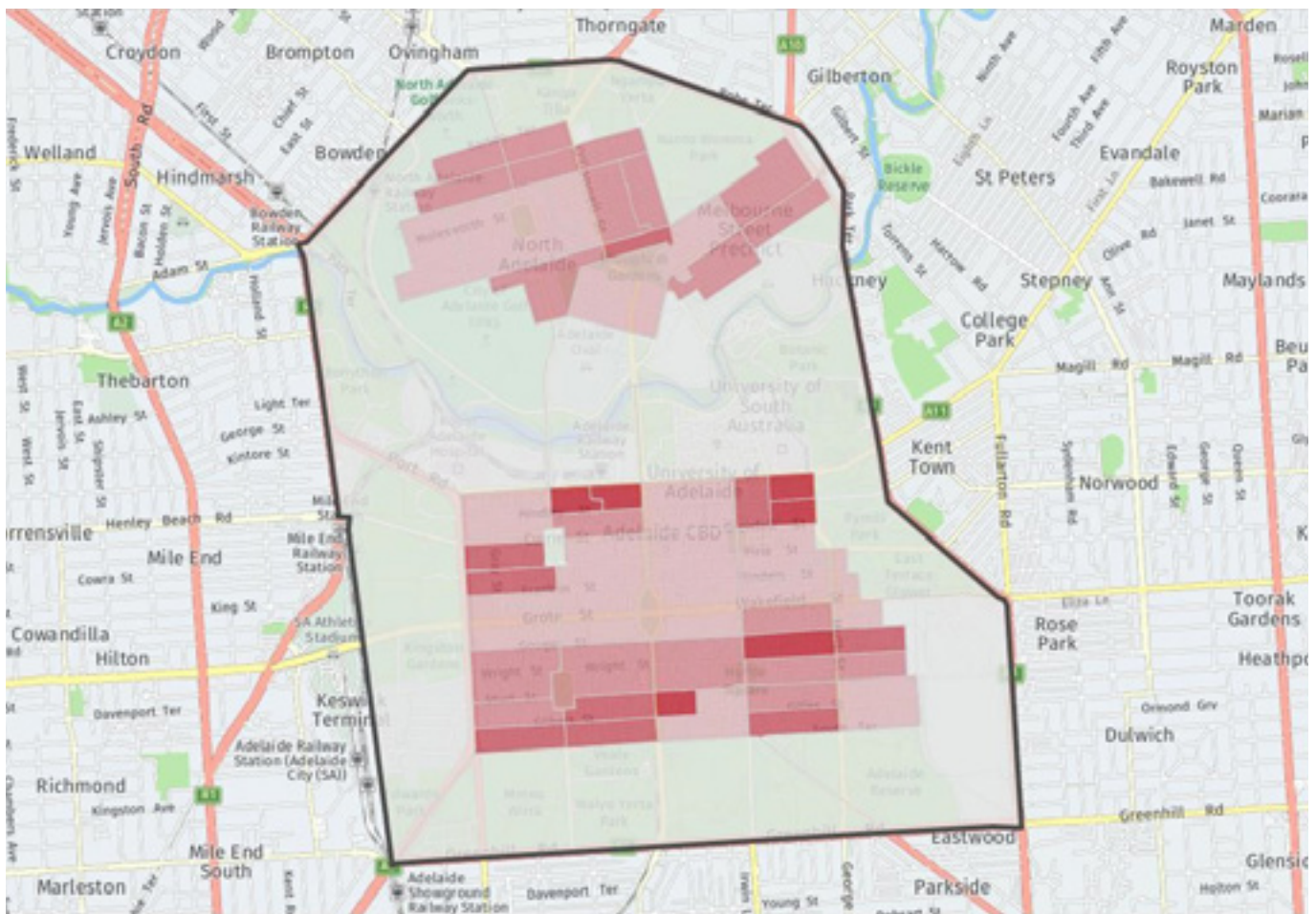
10 ABS, 2017, Birth, Australia, 2016, <http://www.abs.gov.au/>, accessed 20/7/2018.

An ageing population has significant implications on economic growth in that:<sup>11</sup>

- older people tend to spend less on goods and more on services;
- there is a relationship between age and the likelihood of having a need for assistance and accessible facilities in terms of infrastructure, housing and public realm. Rising service demands may open new opportunities for innovative city-based businesses;
- a lower proportion of people of working age may result in increased competition for highly mobile and skilled workers, especially in a global environment of competition for talent, investment and business;
- there is significant opportunity to harness the talents, skills and energy of older people as productive contributors to the economy;
- increased demand for, and cost of, retirement income support, health, and aged care services; and
- it will change the demand for housing supply as well as diversity of that supply in an area, such as an increase in the need for more adaptable and specialised housing.

Figure 6 shows the geographical distribution of city residents aged 65 and over in 2016. The greatest concentration of people aged 65 (depicted in red) were typically found in North Adelaide and in the south-east corner of the city. While some of the darker areas coincide with the location of aged care facilities and hospitals, it remains a fact that there is a higher concentration of older residents in North Adelaide compared to the rest of the city.

Figure 6. Geographical distribution of older residents – City of Adelaide 2016



Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data). Compiled and presented in atlas.id by .id, the population experts.  
11 UK Government Office for Science, 2016, 'Future of an ageing population', accessed 6/7/2018, [https://www.ageing.ox.ac.uk/files/Future\\_of\\_Ageing\\_Report.pdf](https://www.ageing.ox.ac.uk/files/Future_of_Ageing_Report.pdf)

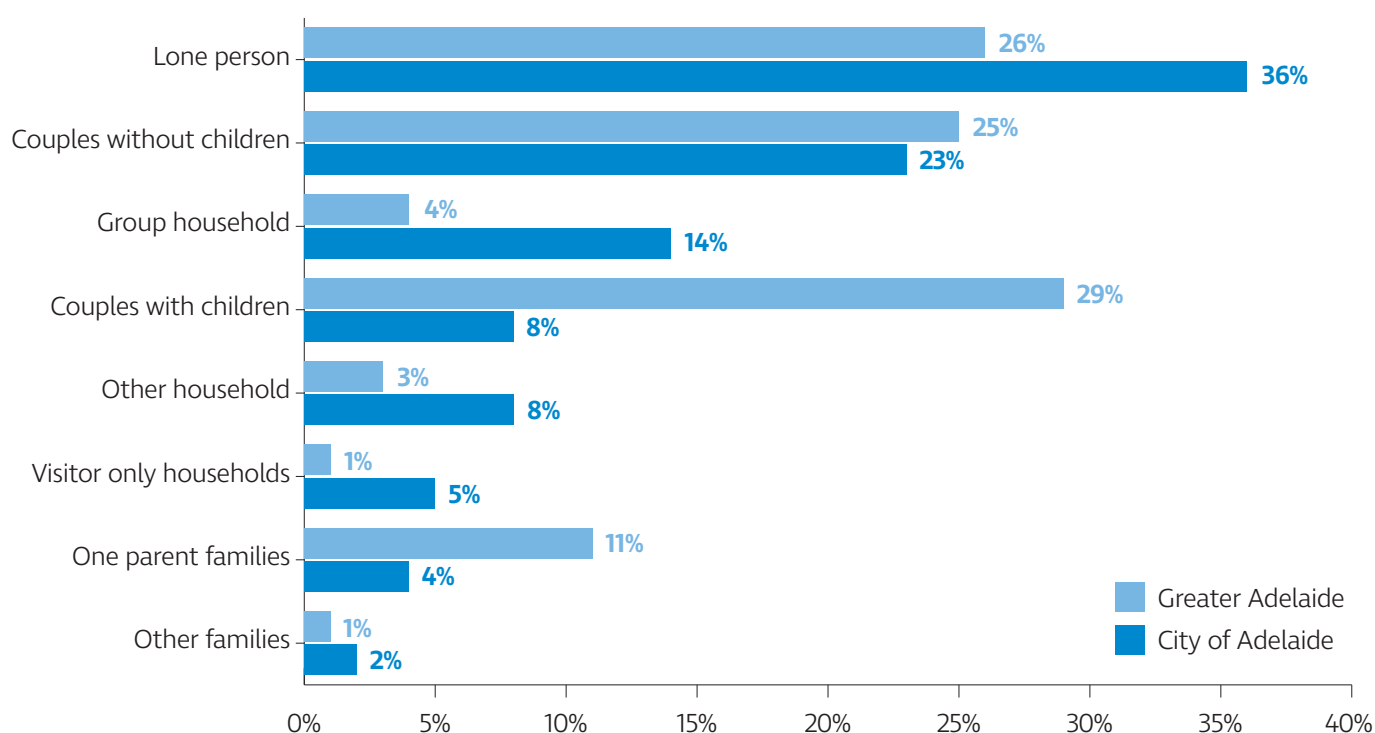
## Household growth

Households consisting of just one person or couples without children experienced the largest growth between 2006 and 2016. Households comprising of couples without children rose from 1,718 to 2,281 (+563 households) while lone person households grew from 2,940 to 3,564 (+624 households). Typically, the growth in new lone person households is attributed to more frequent occurrences of life events such as divorce, separation, ageing, couples living apart for work-related reasons and single parenthood. However, for the city it is also likely to be due to the housing requirements of domestic and international students who are studying in the city.

In 2016, lone person households accounted for 36% of all household types in the city while couples without children accounted for 23%. Group households were also prevalent comprising 14% of households in the city compared to 4% in Greater Adelaide.<sup>12</sup>

Although less relevant to the city due to the low proportion of households with children, housing is also likely to be impacted as life course trajectories become more complex such as a greater tendency for young adults to live in the parental home for longer and larger multigenerational households.<sup>13</sup> In 2016, only 8% of city households were couples with children households compared to 29% in Greater Adelaide.

Figure 7. Household type comparisons City of Adelaide - 2016



Visitor only households refer to households where people counted were not the usual residents of the dwelling e.g. a family staying in a holiday apartment.  
Source: ABS Census 2016

<sup>12</sup> ABS Census data for Adelaide and Greater Adelaide, 2016

<sup>13</sup> Cigdem, M, Wood, G & Ong, R, 'Australian demographic trends and their implications for housing subsidies', Australian Housing and Urban Research Institute, AHURI Positioning Paper No. 164, accessed 24/7/2018, [https://www.ahuri.edu.au/\\_\\_data/assets/pdf\\_file/0019/2773/AHURI\\_Positioning\\_Paper\\_No164\\_Australian-demographic-trends-and-their-implications-for-housing-subsidies.pdf](https://www.ahuri.edu.au/__data/assets/pdf_file/0019/2773/AHURI_Positioning_Paper_No164_Australian-demographic-trends-and-their-implications-for-housing-subsidies.pdf)



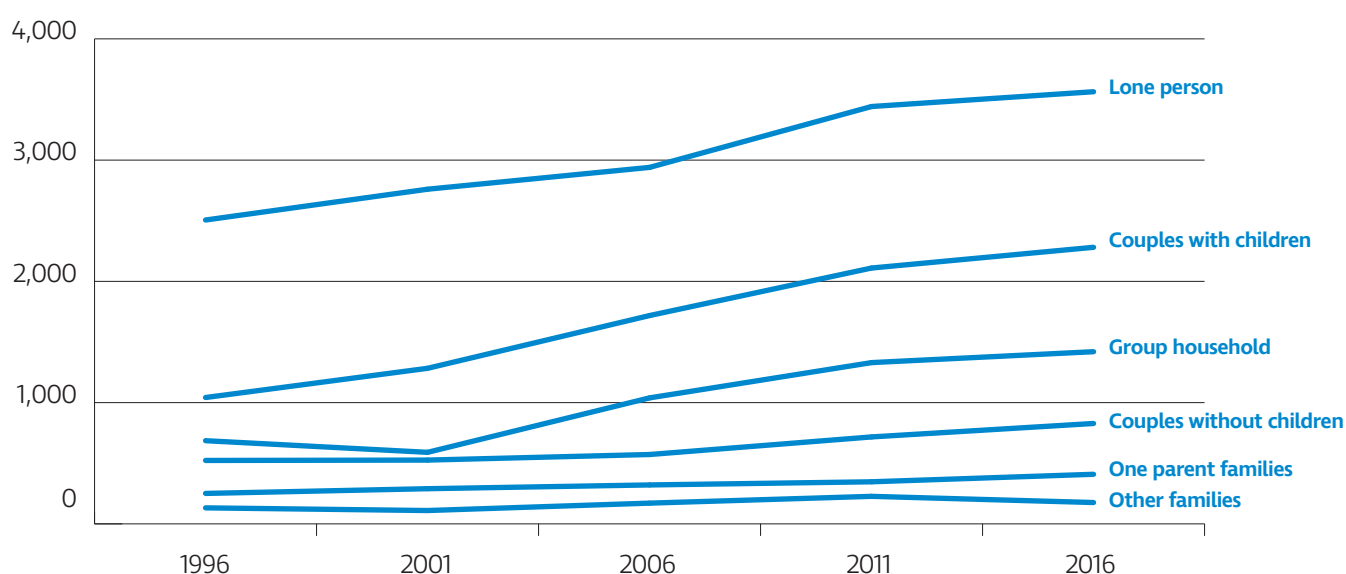
The disparity between the number of city households with children and the number of suburban households with children has been consistent over time and is likely to be a result of:

- the high entry costs of city living;
- the high proportion of lone person households;
- the lack of “family” accommodation in the city;
- perceptions about lack of open space and other preconceptions about the suitability of city living for children; and
- the lifestyle attractiveness of the city to younger people, pre-family formation.

Research conducted in 2016 identified specific market segments for city living. The research defined market segments per their psychographics (attitudes) rather than their demographics. The research concluded that existing city residents are overwhelmingly “cosmopolitans”. Cosmopolitans, as defined by the research study, typically find inner or near city living appealing and don’t mind higher density living. They have a cosmopolitan outlook on life and have a higher propensity than others to have an adventurous or outgoing nature. Cosmopolitans also more likely to travel and take risks, they like to be around people from different backgrounds, and consider themselves ‘cultured’.<sup>14</sup>

The graph below shows the growth in the different household types across the city between 1996 and 2016.

Figure 8. City household composition – 1996 to 2016



\*Excludes 'Other not classifiable' households and 'Visitor only households'. Source: ABS Census

Based on historic trends, the dominance of single person households is anticipated to continue. This is supported by the current pattern of city housing delivery that is focussed on small apartments of one or two bedrooms and dedicated student accommodation. In 2016, 63% of city dwellings had no more than two bedrooms. This is significantly higher than the 22% across Greater Adelaide.<sup>15</sup>

<sup>14</sup> Hudson Howells, 2017, Adelaide City Living Market Research Volume 3 – Adelaide City Residents

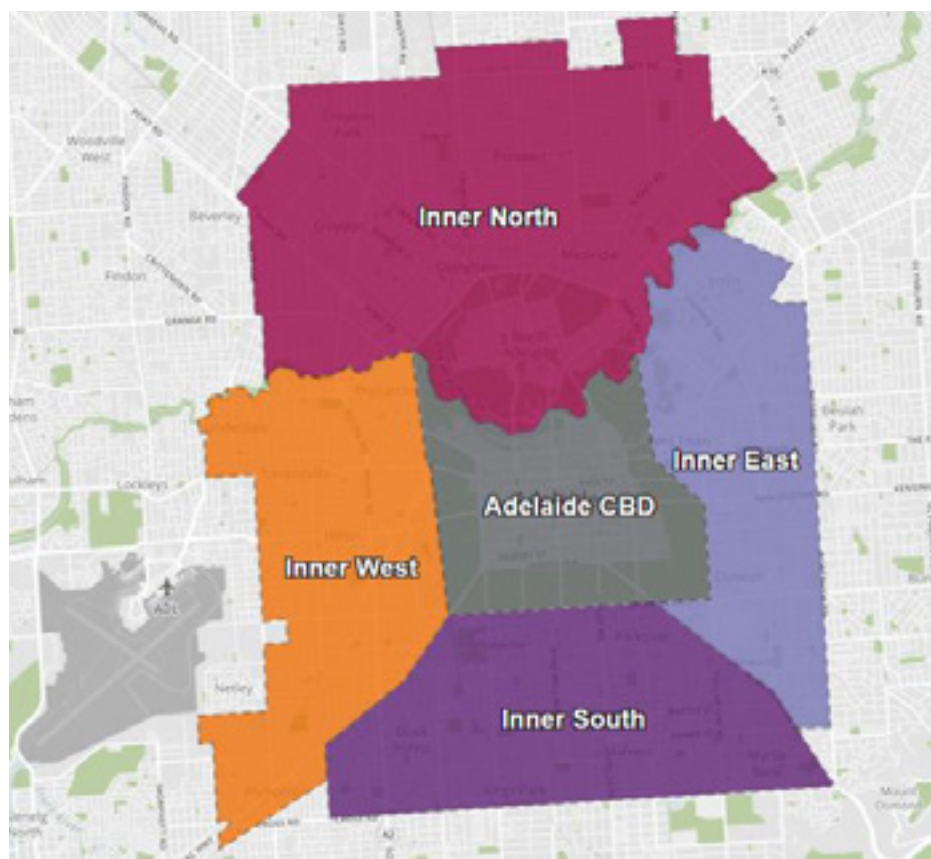
[https://www.cityofadelaide.com.au/assets/documents/MARKET-RESEARCH\\_City-Living\\_Volume-3.pdf](https://www.cityofadelaide.com.au/assets/documents/MARKET-RESEARCH_City-Living_Volume-3.pdf) last accessed 4 June 2018.

<sup>15</sup> ABS Census, compiled and presented by id., accessed 7/8/2018, <https://profile.id.com.au/adelaide/bedrooms?EndYear=2011&DataType=EN>

There is some opportunity to influence household profiles through the type of housing stock that is delivered or further capitalisation on the lifestyle benefits (including the sustainability benefits) of inner city living. For example, a city residential market offering well-designed three-bedroom dwellings in medium rise buildings (that are more palatable to family households) could see more of that household type embrace city living. Alternatively, the ageing population and emergence of funding opportunities through the National Disability Insurance Scheme (NDIS) could lead to a great availability of housing stock suitable for people ageing in place, and/or those living with disability.

According to JLL Apartment research, after a fall in 2018, apartment supply in the inner Adelaide area (Figure 9) is likely to pick up in 2019 and 2020. Based on estimated construction timeframes, there could be 1,229 completions in 2019 and 1,988 in 2020 however some projects may slip into later years if sufficient pre-sales are not achieved. The Adelaide CBD area accounts for the majority of apartments in the supply pipeline across the inner Adelaide area with projects outside the CBD continuing to be relatively small. As at quarter two 2018, there were a total of 2,708 apartments in the supply pipeline with 1,166 of these currently under construction in the Adelaide CBD area.<sup>16</sup>

Figure 9. Inner Adelaide apartment precinct map



Policy preferences around infill rather than greenfield development in Greater Adelaide, and the increasing cost of housing generally, may stimulate appetite for apartment living for a broader range of household types.

<sup>16</sup> JLL, 2018, Adelaide Apartment Market Commentary Quarter 2, accessed 20/9/2018, <http://www.jll.com.au/australia/en-au/research/664/australia-adelaide-apartment-market-commentary-2q18>

## Drivers of population growth

### Policy Drivers

While there is no longer an explicit population target for the city in the current version of the South Australian Government's 30 Year Plan for Greater Adelaide (2017 Update to the Plan), State and Federal policy settings are likely to influence growth opportunities in the city. According to the *City of Adelaide 2016-2020 Strategic Plan*, the target is to have 28,000 people living in the city by 2020. The achievement of any population target will be influenced by:

- the availability of desirable employment and career opportunities;
- the rate and type of new housing development;
- the provision of social and community infrastructure;
- the extent to which the relaxed height and scale provisions of the current Adelaide (City) Development Plan are realised by developers;
- the appeal of the city as a residential location compared to near city and other locations;
- the investor appeal of city apartments; and
- the relative cost of city housing.

Population growth is also likely to be affected by factors that impact on the components of population change, namely natural increase (the rate of births minus the rate of deaths), and net migration. Therefore, any key policy changes in these areas are likely to have an impact on population growth in the city.

### Migration

Migration is a significant driver of city population growth.

The forecast<sup>18</sup> for net migration to the City of Adelaide by age is for a large net in-migration of 18 to 24-year olds, predominantly tertiary students, coupled with a moderate loss of young couples and families (aged 0 to 4 and 25 to 39). There will be minimal population change through migration at ages 40 and over while natural increase is expected to contribute to a very small proportion of population growth.

Migration is the most volatile component of population change and can be impacted by changing housing and economic opportunities such as housing affordability, conditions affecting jobs growth, and local employment prospects. Overseas migration flows including international student numbers, are also likely to be influenced by the Federal Government's position on immigration policy including visa changes and the overall ease of the migration process. The international reputation of local tertiary education institutions along with Adelaide continuing to be a desirable study destination, will influence future growth in international student numbers as will the availability of suitable accommodation.

Overseas migration is a key driver of population growth, not only for South Australia but also for the city with one in four city residents living overseas five years ago. Most of those who moved from overseas were in the late teens to young adult age group, with 15 to 29-year olds making up 74% of all overseas arrivals.<sup>19</sup> They were also typically studying at a tertiary institution. International students are not only a driver of population growth, they also have significant impacts on the economy. A study by Deloitte estimated that in 2015, international students studying in South Australia contributed \$950 million in value added, and 7,488 full-time equivalent jobs in the State.<sup>20 21</sup>

While net overseas migration is strong, South Australia consistently experiences negative net interstate migration. The typical South Australian leaving the state is young, well-educated and seeking new or better employment opportunities in larger centres. In the period from 2011 to 2016 (Census years) there was a net loss to interstate of more than 1,500 people aged 20 to 34.<sup>22</sup>

<sup>18</sup> 'Population and household forecasts 2011 to 2036' prepared by .id the population experts, accessed 9/5/2018, <http://forecast.id.com.au/adelaide/net-migration-by-age>.

<sup>19</sup> ABS, 2016 Census, Table Builder Pro

<sup>20</sup> Includes both direct contributions and indirect contributions through flow on effect.

<sup>21</sup> Deloitte Access Economics, 2016, 'International education in South Australia'.

<sup>22</sup> ABS, 2016 Census using Tablebuilder Pro

Population gain from net overseas migration and losses to interstate are also experienced at the city level. Between 2011 and 2016, the City of Adelaide received net migration from other parts of South Australia of -453 persons, net migration from interstate of -1,076 persons and +5,714 migrants from other countries.

According to the South Australian Centre for Economic Studies<sup>23</sup>, immigration has more than made up for the loss in population resulting from net interstate migration. Without migration, population growth in South Australia would have been static in 2016-17.

## **Affordability**

The city's residential property market remains buoyant. Median city housing prices are above the South Australian median by an average of \$130,000 for houses and \$90,000 for units over the last 10 years.<sup>24</sup> In July 2018, the median selling prices were \$611,000 for a house in the city and \$430,000 for a unit.<sup>25</sup> The significantly elevated entry price to city living can deter prospective city residents. In a joint study commissioned by the City of Adelaide and the State Government into understanding the demand for city living, one of the main reasons cited by South Australian residents for not choosing Adelaide as one of the areas for buying a home was that it was too expensive or not affordable.<sup>26</sup> For family households it was possible to buy a detached house in inner suburban Adelaide for the same price as a suitably sized apartment. Affordability can be influenced through appropriate policy settings and practice.

The application of stamp duty relief for off-the-plan apartment sales, once restricted to the city, Bowden and Gilberton, has now been extended to more of the inner suburban area; the city has lost the advantage of a better equalisation of the costs of entry to city living compared to suburban living.

Rental dwellings also attract a premium. In July 2018, the median asking rent for a house in the city was \$430 per week, and \$430 for a unit<sup>27</sup>, with median rents varying by the number of bedrooms.

Growth in residential property prices is expected to continue across South Australia with demand for houses and apartment remaining at a moderate level. While residential property markets in capital cities such as Sydney and Melbourne may have peaked, the Adelaide markets continues to expand albeit against a backdrop of slow population growth and introduction of the 'Foreign Ownership Surcharge' on foreign purchases of residential property.<sup>28</sup>

23 SACES, 2017, 'The potential benefits of reforming migration policies to address South Australia's needs- report 1: key challenges', accessed 14/7/2018, <https://www.adelaide.edu.au/saces/docs/publications-reports/migrationpolicyprojectreport1.pdf>

24 RP Data

25 Based on 111house sales and 792 unit sales for the suburb of Adelaide from 1 July 2017 to 9 July 2018, <http://www.realestate.com.au/neighbourhoods/adelaide-5000-sa>

26 'Adelaide City Living Market Research, Volume 1 – Adelaide Metropolitan Market', [https://www.cityofadelaide.com.au/assets/documents/MARKET-RESEARCH\\_City-Living\\_Volume-1.pdf](https://www.cityofadelaide.com.au/assets/documents/MARKET-RESEARCH_City-Living_Volume-1.pdf)

27 Based on 166 house listings and 1404 unit listings for the suburb of Adelaide from 1 July 2017 to 9 July 2018, <http://www.realestate.com.au/neighbourhoods/adelaide-5000-sa>

28 JLL, 2018, 'Adelaide residential outlook – June 2018', accessed 23/7/2018, <http://www.jll.com.au/australia/en-au/research#residential>





# Chapter 2 – Physical dimension

## Chapter 2 – Physical dimension

This chapter contains information about the built, natural and policy environment in which city growth will occur.

### Summary

The future urban form of Greater Adelaide will be more compact with much of the envisaged new housing and jobs located in existing urban areas on transport corridors. Environment and Food Production Areas (which are equivalent to an Urban Growth Boundary, preventing residential development beyond Greater Adelaide's urban fringe) have been enshrined in the *Planning Development and Infrastructure Act 2016* (PDI Act). There is no indication that the new State Government elected in March 2018, will move away from the previous Government's commitment to urban infill rather than fringe greenfield development.

The 30 Year Plan for Greater Adelaide 2017 Update seeks to reinforce and enhance the reputation of the Adelaide city centre as a liveable and vibrant place.<sup>29</sup> The aim is to have more people living, working, visiting and investing here with well-planned growth reinforcing the qualities that make the city accessible, liveable and relatively affordable. Unlike the original 30 Year Plan for Greater Adelaide (2010), the 2017 Update does not contain a population or dwellings growth target for the City of Adelaide. The *City of Adelaide Strategic Plan 2016-2020* does include a target for residential population growth: aiming to increase it from about 23,000 to 28,000 by 2020. The State Government elected in March 2018 does not appear to have specified a residential population growth target to date but has stated its aim to provide the conditions to stem departures from this State.

Appropriate and adequate infrastructure and facilities lead to more active and connected communities and encourage physical activity. The features of the public realm, including infrastructure to make walking and cycling around the city more pleasant, can reduce the generation of environmentally damaging emissions, assisting the city to grow more sustainably. The availability and range of social and community infrastructure such as libraries, community centres, playgrounds and sporting clubs also facilitate the social dimension of city growth.

The provision of housing, infrastructure and public realm that is built according to principles of universal design, for people of all abilities to use, also increases accessibility of the city, including for people living with disability, those who are ageing and those using trolleys or prams. In addition, accommodation which uses or can incorporate smart technology to enable assistive technology will be of growing interest to those who wish to age in place in the city, as well as those living with disability who wish to live in the city.

The natural and built elements of the public areas of the city and Park Lands are highly valued by city users and are both an anchor and catalyst for growth. Four of the ten favourite places in the city identified through Picture Adelaide 2040 storytelling are in the Park Lands. Green open spaces, grassed areas and landscaping provide diversity and interest in the city experience. Along with the natural landscape, heritage buildings and quaint cottages, public art, street art and sculptures add to the aesthetic qualities of the city.

Rapid technological advancement is changing the physical form of the city and the ways that people live and work. This includes the deployment of smart technologies to assist movement within and through the city and to understand how the city is used, as well as changing demands for workspaces and supporting infrastructure.

<sup>29</sup> Government of South Australia, 2017, 'The 30 Year Plan for Greater Adelaide 2017 Update', <http://livingadelaide.sa.gov.au/>

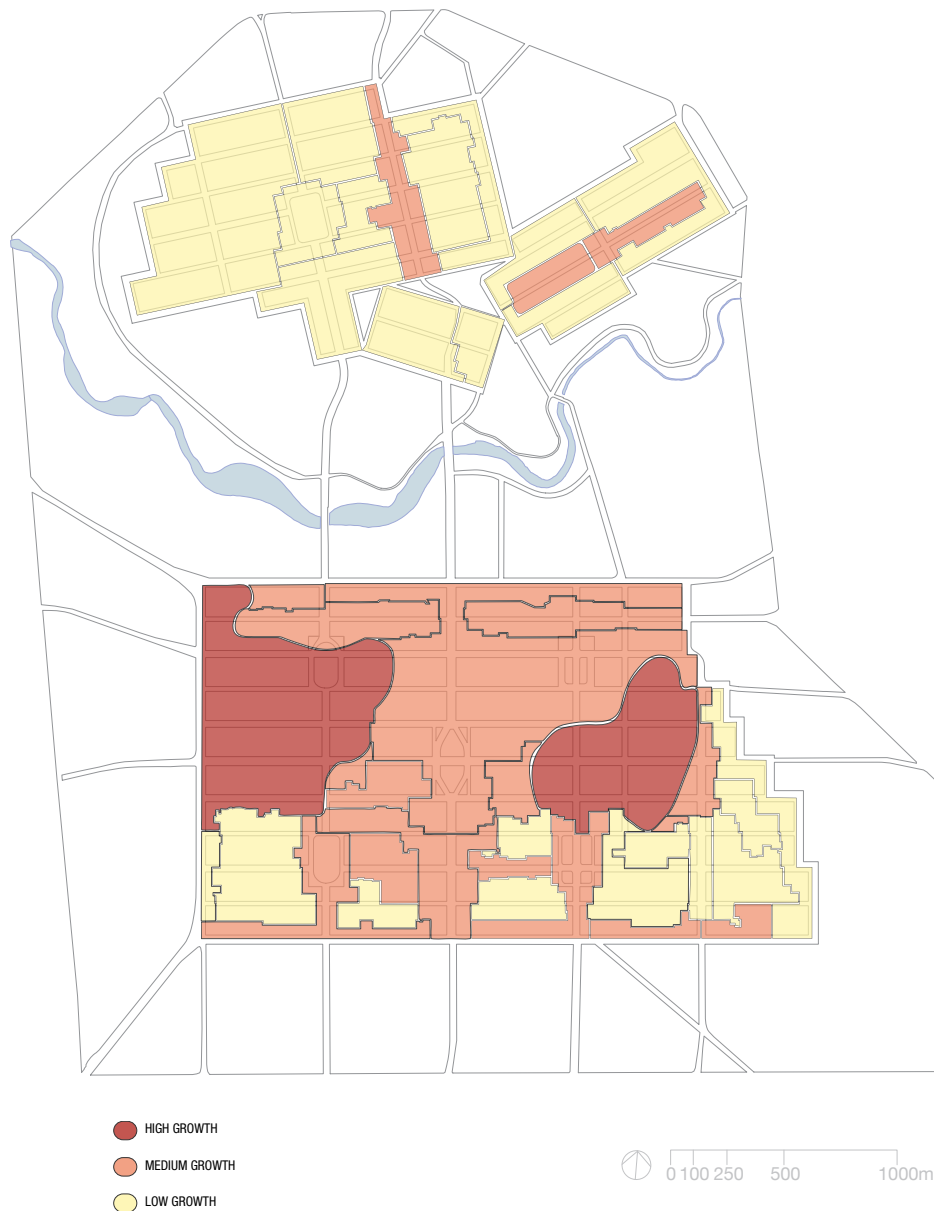
## Built environment

### Development environment

Changes to the Adelaide (City) Development Plan since early 2012 have significantly increased the capacity for development in the city by allowing taller buildings and a greater intensity of development on prime sites. This is likely to create an environment that will facilitate population growth across the city.

As illustrated in the map below, areas indicated for potentially high population growth are characterised by the existing building stock being generally well below allowable heights, and with some prospects for redevelopment due to the age of existing building stock. Medium population growth areas will change and grow, including with some of the tallest buildings. Low population growth areas are characterised by existing building stock that is generally like what is envisaged for the future (mostly, but not exclusively, one to two-storey dwellings).<sup>30</sup>

Figure 10. Potential population growth over the next 30 years



30 Adelaide City Council, 2014, 'A Spatial Vision for the Future of the City', p.24.



Mixed-use development in the city supports the social dimension of city growth by activating buildings at ground level. Ground level activation through the inclusion of retail tenancies, creates interest and “something to see” which encourages movement on foot and greater opportunity for people to interact; assisting community connectedness, networks and resilience.

*In May 2015, the City of Adelaide ran a pilot program, the Shopfront Improvement Grant, to encourage businesses to come up with creative ways to enhance their street appeal and contribute to a more welcoming and interesting city experience. Grants of between \$1,000 to \$6,000 were offered to cover up to 50% of the cost of a range of improvements such as signage, exterior painting, tiling, lighting, window treatments and greenery. During the pilot, a total of 16 grants were allocated to various businesses across the city*



Growing the city’s built form to include a mix of homes, businesses, retail and recreational opportunities in well-designed compact neighbourhoods is part of achieving “smart growth”<sup>31</sup> for the city.

### **Development growth**

Physical growth of the city is evidenced by development activity in the city. Recent years have seen the opening of the landmark South Australian Health and Medical Research Institute (SAHMRI) building on North Terrace and the new Royal Adelaide Hospital. These developments, along with the newly built School of Public Health for the University of Adelaide, the University of South Australia Cancer Research Institute and the newly expanded Adelaide Convention Centre, have vastly changed the landscape of that part of the city.

The City of Adelaide will take control of the Central Market Arcade adjacent the Adelaide Central Market when the current ground lease with a private owner expires in late September 2018. With the last redevelopment occurring in the 1960’s, the return of the Central Market Arcade provides the City of Adelaide with a once in a lifetime opportunity to drive major change within the heart of the Market District. The City of Adelaide is undertaking a multi-stage Expression of Interest (EOI) process to seek a development partner for the Central Market Arcade site.<sup>32</sup> The Stage One of the EOI process included a local, national and international call-out to the development industry with a preferred development partner to be selected shortly.

<sup>31</sup> See [http://www.smartgrowth.org/principles/mix\\_land.php](http://www.smartgrowth.org/principles/mix_land.php)

<sup>32</sup> <https://www.cityofadelaide.com.au/your-community/programs-projects/placemaking/market-district/arcade-redevelopment/current-stage>. Last accessed 8 August 2018



In relation to apartment development, from 2012-13 to 2016-17 1,546 apartments were completed with a further 2,864 receiving development approval.<sup>33</sup> It remains to be seen how the 7% overseas investor surcharge, a charge additional to stamp duty for overseas residential buyers, affects future growth in the apartment market in terms of the scale and timing of residential projects. The forthcoming larger projects marketed directly to overseas investors are the most at risk, and the retrospective nature of the surcharge may increase the settlement risk of residential projects that are currently under construction.<sup>34</sup>

Future growth may rely more on local buyers making the lifestyle choice to apartment living. Adelaide City Living Market Research conducted in 2016-17<sup>35</sup> identified 24% of the Adelaide metropolitan market as 'cosmopolitans', the primary market segment for Adelaide city living. The research found that the cosmopolitan segment is interested in city and apartment living, has the highest incomes of the six market segments and have the home equity to buy into the city.<sup>36</sup> The report noted that:

*In terms of the Adelaide metropolitan market, safety and security, safe areas for children to play/services were the top five most important features nominated by participants when choosing a place to live. The city rated well on walkability and access to medical assistance and in the middle range for safety and security. Child friendliness scores were lower, and this is an area for work, particularly if the city wishes to attract more families.<sup>37</sup>*

Apartment completions are expected to be strong to about 2020. There are more than 4,500 apartments in the development pipeline with most of those (60%) to be constructed in the Adelaide CBD.<sup>38</sup>

Development activity supports economic growth through employment in the construction phase and, if the development is retail or commercial, employment in the subsequent workplaces. If the development is residential, economic growth is supported by the addition of more people to the local consumer market.

The focus on delivering energy efficient commercial buildings to meet demand for higher grade office space has led to the increase in supply of city office floor space far exceeding the increase in commercial electricity consumption. This indicates a market expectation for energy efficient buildings as part of increasing the city's cost-competitiveness. Cost-competitiveness will continue to be a factor influencing the city's economic growth.

33 CoA data from ACC2017/193379 Apartment Figures 2012-2017

34 ibid

35 Hudson Howells, Adelaide City Living Market Research: Volume 1 – Adelaide Metropolitan Market

36 ibid

37 Ibid, p.3

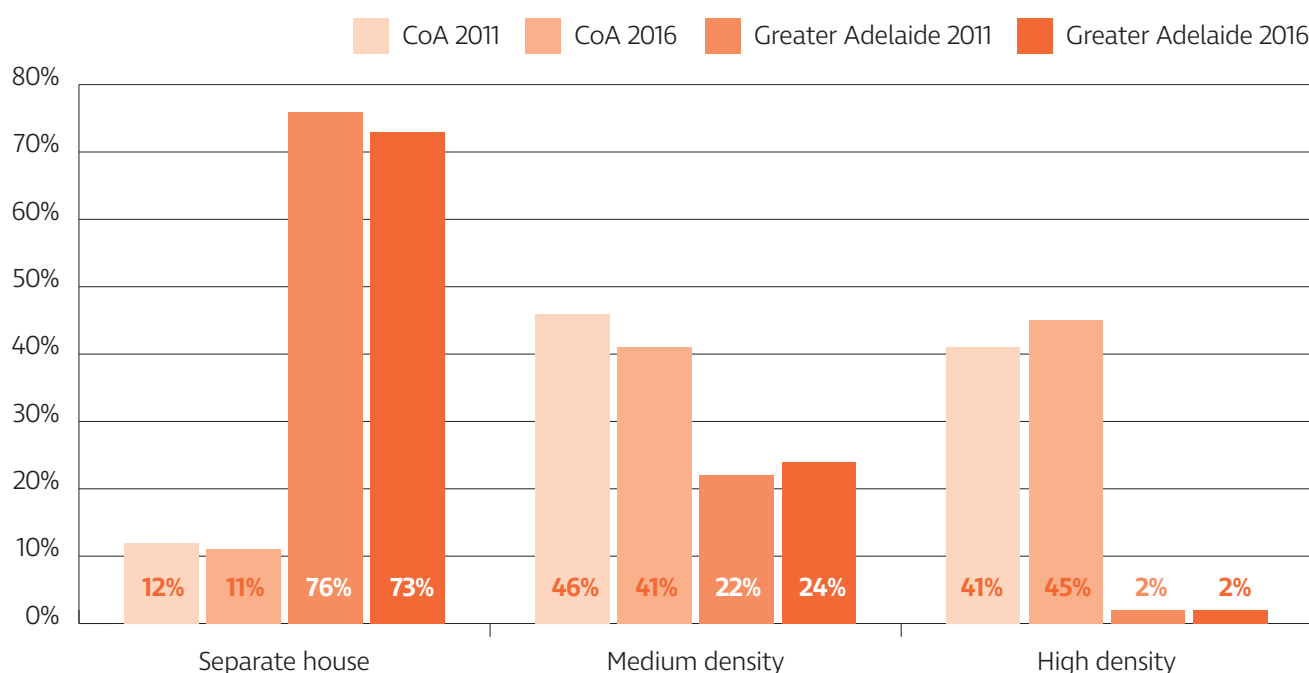
38 JLL Research, 2018, 'JLL Adelaide Apartment Market – Aug 2018'. Based on current trends, and depending on the market, an attrition rate of around 30% can be expected.

## Dwelling types

The housing stock of the City of Adelaide is predominantly located in medium and high-density developments.<sup>39</sup> Looking at dwellings by type in the city from 1991 to 2016, there is a clear gradual decrease in the proportion of medium density<sup>40</sup> and separate houses<sup>41</sup>, and increase in high density<sup>42</sup> residential housing.

While this shift has been occurring in the city, the proportion of high, medium and low-density dwellings in Greater Adelaide has not varied significantly, highlighting the differences between the city and suburban housing markets in Adelaide. There has been a modest increase (around 2%) from 2011 to 2016 in medium density housing across Greater Adelaide.

Figure 11. Dwelling types comparison



Source: ABS Census, compiled and presented by .id.

High density development tends to comprise dwellings of one or two bedrooms. These may not meet the needs or expectations of many family households with children. Cost is also a driver of location choice with a family household able to purchase a detached dwelling in a near city location for a lower price than a suitably appointed city apartment.

There is a good supply of student housing in the City of Adelaide in the form of on-campus accommodation and managed or purpose-built student accommodation. The development pipeline for purpose-built student accommodation (PBSA) increased from 1,480 beds in 2016 to 2,159 in 2017 with the bulk of these programmed for delivery in 2018.<sup>43</sup> Most of the accommodation in the pipeline is in the form of studio or twin studio apartments.<sup>44</sup>

*Urbanest, one of Australia's largest providers of student accommodation, has recently completed new student accommodation in conjunction with the University of Adelaide. Located on North Terrace, the purpose-built off-campus student accommodation will add over 600 student beds to the market.*

<sup>39</sup> 'Density' here refers to the structure of the dwelling and not to the number of dwellings per hectare.

<sup>40</sup> 'Medium density' includes all semi-detached, row, terrace, townhouses and villa units, plus flats and apartments in blocks of 1 or 2 storeys, and flats attached to houses.

<sup>41</sup> 'Separate house' includes all free-standing dwellings separated from neighbouring dwellings by a gap of at least half a metre.

<sup>42</sup> 'High density' includes flats and apartments in 3 storey and larger blocks.

<sup>43</sup> Savills Market Report, 'Australian Student Accommodation 2017', <http://www.savills.com.au/publications-pdf/savills-student-accommodation-market-report-2017.pdf>

<sup>44</sup> Ibid.

The mix of dwelling types available in the city should cater for a range of current and future residents with various needs to ensure housing accessibility for all. For example, there is evidence that people with disability experience substantial barriers in housing where existing designs make it difficult for buildings to be changed without significant expense.<sup>45</sup> The incorporation of universal design principles into housing as well as other aspects of the physical realm means that dwellings and public spaces can be used by all people of different ages and abilities over time.<sup>46</sup> The increasing presence of high density development influences social growth in that it is a more attractive living arrangement for smaller households and younger age groups and those with a 'cosmopolitan' outlook. A greater diversity of dwelling types and sizes may facilitate city living for a broader range of household types, including traditional family households, enhancing the city experience and reputation as a place to live.

## Infrastructure

The infrastructure required to facilitate growth ranges widely from roads, footpaths and drainage to a suite of social and community infrastructure expected by residents, workers and visitors of a capital city.

The Australian Government's Smart Cities Plan is the vision for cities as productive, accessible and liveable attractors of talent where innovation is encouraged, and jobs and growth are created.<sup>47</sup> The Smart Cities Plan is the Australian Government's commitment to smart investment, smart technology and smart policy.

The City of Adelaide has already embraced 'smart', being the first city in Australia to be given 'Lighthouse City' status by Cisco, enabling the city access to Cisco's global network and a partnership in the Internet of Things. A range of smart infrastructure initiatives has also been put in place across the city. These include upgrading of street lights along Pirie Street with smart technology to improve energy consumption, installation of in-ground parking sensors to enable the use of a new mobile app to facilitate more effective on-street parking, and the trialling of smart bins that provide data in real-time on how full the bin is to avoid overflowing. People counting sensors have also been installed in various locations across the city to better understand pedestrian volumes during different times and improve the city experience for users.

The city has a full complement of essential infrastructure in terms of water, wastewater, electricity, gas, waste and information and communication technologies. Condition and capacity may vary, and enhancements are likely to be required to accommodate city growth: the various utilities will need to do more than replace like with like. The incorporation of technology into existing infrastructure will also occur more frequently, adding to the functionality and tone of city streets as well as assist with data-driven decision-making and service delivery as well as improving outcomes for customers.

Capacity enhancements may impact negatively on the street level environment with more transformers and fire boosters occupying much of the frontage of new multi-storey buildings, and other infrastructure being placed on footpaths. This highlights the need to consider the urban design and streetscape implications of city growth.

*The Adelaide Design Manual (ADM) was released by the City of Adelaide in partnership with Department of Planning, Transport and Infrastructure as a toolkit for guiding design in the public realm in the city. The ADM was created to ensure that the public realm of the city was high-quality, flexible and sustainable. The ADM also incorporates the Green Infrastructure Guidelines, which aims to support the city's green credentials through principles such as living architecture and water sensitive urban design.*

<sup>45</sup> Commonwealth of Australia, 2011, 'National disability strategy 2010-2020', accessed 22/8/2018, [https://www.dss.gov.au/sites/default/files/documents/05\\_2012/national\\_disability\\_strategy\\_2010\\_2020.pdf](https://www.dss.gov.au/sites/default/files/documents/05_2012/national_disability_strategy_2010_2020.pdf)

<sup>46</sup> Local Government NSW, 1997, 'The principles of universal design: information sheet', accessed 22/8/2018, <https://www.lgnsww.org.au/files/imce-uploads/127/information-sheet-the-principles-of-universal-design.pdf>

<sup>47</sup> <https://cities.infrastructure.gov.au/smart-cities-plan> accessed 12 April 2018

The State Government has committed to establish an independent body *Infrastructure South Australia* to guide infrastructure planning for the State and to analyse several major transport projects as a priority. Two of those projects, an extension of tram services in the CBD, and an underground rail link in the CBD between the northern and southern train lines<sup>48</sup>, if advanced, would be especially pertinent to infrastructure development in the City of Adelaide. The recent extension of the tramline North to the Adelaide Festival Centre and East down North Terrace is the first stage of the City Loop.

Non-transport infrastructure projects for Infrastructure South Australia analysis include the roll-out of additional affordable housing opportunities and the exploration of smart technology such as in the Courts Precinct.

Enhanced green infrastructure and a safe, accessible public realm will make our cities more attractive places for people to live and work, contributing to economic success not only city-wide but for local businesses. By ensuring that the public realm and relevant infrastructure have been designed to meet the needs of all individuals regardless of age and ability, it will help to promote a more inclusive and welcoming city.

A well-designed and connected public realm can also help to increase the 'walkability' of neighbourhoods, which can contribute to improved health outcomes and increases in active and public transport use thus reducing pressure on other transport networks. These places also play an important role in developing social and community connections in large cities, which will become more important as our cities grow.<sup>49</sup>

Communities place a high value on social and community infrastructure such as libraries and community centres, schools and health services. The type and distribution of this infrastructure affects social and cultural growth, including through influencing the type of households and location preferences within the city.

The State Government has indicated that it plans to establish several new facilities on the site of the Old Royal Adelaide Hospital (oRAH) in addition to international standard hotel accommodation and integration of the site with the Botanic Gardens. The new facilities include: an innovation incubator, start-up and growth hub; an International Centre for Tourism, Hospitality and Food Services; and a National Gallery for Aboriginal Art and Culture.<sup>50</sup> This infrastructure intersects with, and supports, the economic and cultural growth of the city.

The presence of a broad range of quality infrastructure also affects business decisions and economic growth. For example, an inadequate availability of schools and childcare may constrain the ability of the city to grow business and worker numbers.

In 2016, the then State Government announced their commitment to building a new Adelaide high school on Frome Road. The Adelaide Botanic High School is due to open from Term 1 2019 will provide places for up to 1,250 students from inner-city suburbs.<sup>51</sup>

Multiple transport and movement options support desired land uses and growth in the city. Various streetscape upgrades, such as those completed for Hindley Street West and Kintore Avenue, provide greater amenity for pedestrians, as do broader public realm upgrades such as those to Rundle Mall and Victoria Square. The redevelopment of the Adelaide Festival Centre Plaza, tram improvements and the ongoing Market to Riverbank Laneways project and City Bikeways projects will have lasting impacts on how people travel to, move around, and experience the city.

Non-motorised transport infrastructure contributes to social growth by promoting positive health outcomes and enhanced opportunities for social interaction and connectedness. It also contributes to environmentally sustainable growth contributing to fewer carbon emissions.

48 Liberal Party policy platform, 2018, <https://strongplan.com.au/policy/building-the-infrastructure-a-strong-south-australia-needs/>

49 Infrastructure Australia, 2018, 'Future Cities: Planning for our Growing Population', <http://infrastructureaustralia.gov.au/policy-publications/publications/files/future-cities/Chapter-6.pdf>.

50 Liberal Party policy platform, 2018, <https://strongplan.com.au/policy/building-the-infrastructure-a-strong-south-australia-needs/>

51 Department for Education, 'The new Adelaide Botanic High School', accessed 24/7/2018, <https://www.education.sa.gov.au/sites-and-facilities/new-cbd-school>



*In 2017, the City of Adelaide along with SA Power Networks, Mitsubishi, Tesla and the South Australian Government launched the City of Adelaide Electric Vehicle Charging Hub (the Hub). Located next to the Adelaide Central Bus Station, the Hub provides electric vehicle (EV) charging services for up to eight vehicles. In addition to the Hub, the City of Adelaide has rolled out EV charging infrastructure in the Central Market UPark with additional charging points planned in other locations across the city.*

Investment in high profile infrastructure and places (such as Adelaide Oval, Riverbank precinct, Rundle Mall and Victoria Square, Convention Centre, Adelaide Festival Plaza) facilitates cultural growth in the city by improving the vibrancy and reputation of the city as a place to visit. These investments also drive economic growth through increased visitation and expenditure within the city and generate employment during construction and operation.

## Heritage

Heritage can be harnessed as an enabler of city growth: the question for the purposes of this discussion is not how best to manage or retain heritage, but what role heritage plays in city growth.

Our built heritage provides distinctiveness and shapes and influences the city's character and appeal. The city's built heritage intersects with economic, social and cultural growth in that heritage appeal may be a competitive advantage in making the city a desirable place to live, work, visit or invest.

The value of built heritage in shaping the unique character of the city was evident in the comments and stories collected through the Picture Adelaide 2040 engagement that underpins the *City of Adelaide Strategic Plan 2016-2020*.

Within the City of Adelaide there are 647 State Heritage Places and 1,850 Local Heritage Places.<sup>52</sup> This represents 27% of all heritage listed places in South Australia. The City of Adelaide has a long history of investing in the conservation of heritage and unlisted historic character properties. 2018 marks 30 years of the Heritage Incentives Scheme that has seen more than \$20 million provided in grants to property owners. A recent economic impact study has determined that the City of Adelaide's Heritage Incentives Scheme supports 3,000 jobs and delivers a \$1.68 return on investment to the South Australian economy for every dollar invested. The contribution to Gross State Product over 30 years has been estimated at \$395 million.

The State Government has committed to the establishment of a \$500,000 heritage fund to provide grants to help owners of heritage listed properties undertake preservation and restoration works. Funding for a significant restoration of Ayers House on North Terrace is also to be provided.<sup>53</sup>

The potential of heritage buildings to attract tourism, enhance the quality of life and attractiveness of the city to current and prospective residents, and assist in economic development is significant. A study conducted in 2015 for the City of Adelaide put the economic value of heritage tourism to the city at 27% of total visitor spend or an estimated \$375 million based on 2013-14 visitor numbers.<sup>54</sup> The State Government has announced plans to develop a Heritage Tourism Strategy.<sup>55</sup>

## Public realm

A quality public realm reflects well on and builds a positive perception of a city, including in relation to perceptions of safety. A quality public realm is central to the offer of city living and social growth.

City locations expected to experience the highest levels of population growth will be dominated by apartments with limited private open space. This makes access to recreational spaces within the Park Lands and the quality and useability of the city's streets, laneways and squares especially important.

A quality public realm offers amenity for workers and employers, residents and other city users; contributing to economic, social and cultural growth by being part of the reasons to choose the city.

<sup>52</sup> <https://www.cityofadelaide.com.au/planning-development/city-heritage/heritage-listings/>, accessed 22/3/2018.

<sup>53</sup> Marshall Liberal Government pre-election policy position regarding Built Heritage <https://strongplan.com.au/policy/built-heritage/> last accessed 3 March 2018.

<sup>54</sup> Tourism Research Services, 'Economic Value of Heritage Tourism – Adelaide 2015'.

<sup>55</sup> Marshall Liberal Government pre-election policy position regarding Built Heritage <https://strongplan.com.au/policy/built-heritage/> last accessed 3 March 2018.

Accessibility of the public realm to people living with disability is important. Upgrade works to Bank Street, working with the City of Adelaide's Access and Inclusion Panel and others, determined treatments that could work for all users in a shared space environment. The Bank Street project is an example of project delivery applying the Adelaide Design Manual.

The city's vibrancy and competitiveness will be strengthened by developing a more legible and welcoming city form of great streets and places that are active and safe by day and night.

City planning is increasingly called on to facilitate health and wellbeing by encouraging city users to be physically active. This can be achieved, in part, through ensuring strong connections to the city's open spaces – the Park Lands, riverfront, streets and squares. As the city grows, maintaining the interface of the Park Lands with the city for all users will be important to ensure easy access to open space.

## Natural environment

### Park Lands and Squares

The Park Lands are a world-renowned and unique asset of the City of Adelaide with varying levels of activity associated with different Park Land areas. High levels of activity and use are associated with the city's sporting fields, event spaces and traditional picnic parks such as Bonython Park/Tulya Wardli (Park 27) and Rymill Park/Murlawirrapurka (Park 14) while the Botanic Gardens, Veale Park/Walyu Yarta (Park 21) and Himeji Gardens are also significant attractors.

While lesser activity is associated with parts of the southern, western and northern Park Lands, having facilities such as playgrounds and BMX tracks help to address issues of underutilisation. In contrast, the city squares and Park Lands areas adjacent to the CBD's population of workers tend to receive greater casual use.

The six city squares are largely dominated by traffic and generally lack distinct identities. There is significant potential for further activation of the squares and areas of the Park Lands as the city grows. Masterplans for Whitmore Square/Iparritiyi and Elder Park within Adelaide Oval/Tantanya Wama (Park 26) are in train.<sup>56</sup>

Open space, such as that provided by the city's Park Lands and squares, serves many purposes from recreation experiences to animal habitats and biodiversity zones. Open space is also part of the natural amenity of the city that supports quality of life experiences, contributing to social and cultural growth. In relation to economic growth, the green spaces of the city are attractive to workers who are considering quality of life criteria as well as affordability and employment options when determining where to settle.

The Park Lands and squares provide a physical boundary for the city, clearly defining the space in which city growth will occur. The Park Lands also contribute to the social and cultural growth of the city. Picture Adelaide 2040 storytelling highlighted the value of the simple beauty of the Park Lands as places for trees and birdlife to flourish; refuges from the hustle and bustle of the city; places for gatherings of family and friends; and places for quiet contemplation.<sup>57</sup> Parts of the Park Lands are well used as events areas and considerable new infrastructure has been developed in the past few years to support event activity in the Park Lands.

In relation to the environmental dimension of city growth, the Park Lands provide a 'cooling' effect. Additional plantings in streets and squares may limit the impact of the urban heat island effect<sup>58</sup>, enhancing the comfort and liveability of the city.

The Park Lands are both a drawcard resource for city growth and a resource to be managed as part of the city's growth.

<sup>56</sup> City of Adelaide, 2018, '2018-19 Integrated Business Plan', <https://www.cityofadelaide.com.au/your-council/strategic-corporate-planning/integrated-business-plan>

<sup>57</sup> More on use of the Park Lands is found in Chapter 5 – Cultural Dimension

<sup>58</sup> The Urban Heat Island Effect is the phenomenon in which built up areas are hotter than surrounding areas due to the higher proportion of heat absorbent surfaces. For more on the Urban Heat Island Effect and growth, please refer to the Environmental Dimension chapter.





## Chapter 3 – Economic dimension

## Chapter 3 – Economic dimension

### Summary

As the economic powerhouse of the State, the City of Adelaide generates around one-fifth of South Australia's Gross State Product. As the capital city, it is a hub for services and has a core role in defining and driving the economic fortunes of the State.

The direction and extent of economic growth in the city is influenced by many factors. For example, growing the employment prospects of people who would like to work, or work more, enhances the city's growth potential.

Expansion of the city economy through business and industry development, facilitated by access to a skilled workforce and improved business and consumer confidence, will have positive implications for all users of the city.

Migration plays a key role in managing the supply of skilled workers to the economy. As one of the migration countries of the world, Australia has, and will continue, to be shaped by overseas migration. How the city leverages high levels of migration against a backdrop of a large net outflow of young working age South Australians, will determine the trajectory of growth for the city.

Future economic performance is influenced by the social, cultural, physical and environmental dimensions of city growth. It is also influenced by the availability of skilled labour and the creative application of new ideas and technologies: people using their ideas and energy to drive economic growth. Economic growth supports an increased appetite for risk, potentially meaning more innovation and product differentiation.

European retailers are looking for new markets to compensate for their slow domestic growth and several new international brands have established in Adelaide over the past few years.

*In early 2018, it was announced that internationally renowned fashion retailer H&M will be opening their first South Australian store in Rundle Mall. The four-storey building will be housed in Rundle Mall Plaza and is expected to be open in the second half of 2018. H&M currently operates 26 stores across Australia.*<sup>59 60</sup>

<sup>59</sup> 'H&M to open at Rundle Mall Plaza', 6/2/2018, Inside Retail, <https://www.insideretail.com.au/blog/2018/02/06/hm-to-open-at-rundle-mall-plaza/>

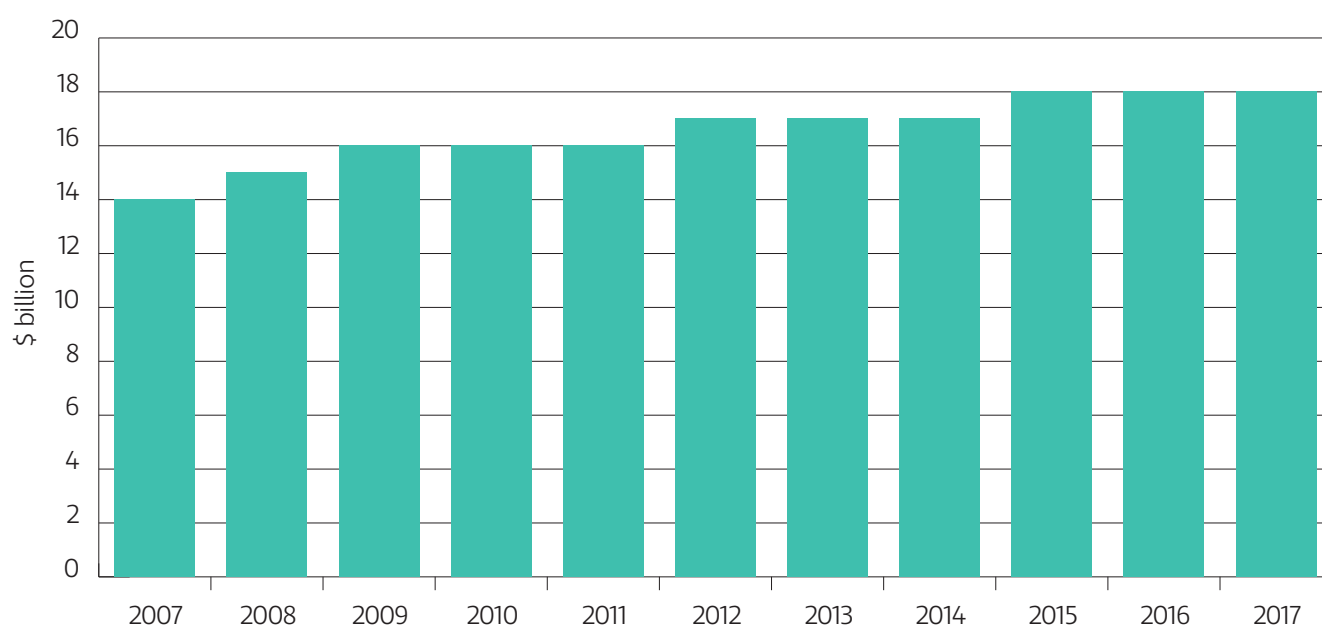
<sup>60</sup> 'H&M is coming to Adelaide', 6/2/2018, Broadsheet Adelaide, <https://www.broadsheet.com.au/adelaide/city-file/article/hm-finally-coming-adelaide>

## Economic performance

### Gross Regional Product

The City of Adelaide's Gross Regional Product (GRP) was \$18 billion as of 30 June 2017, contributing to 18% of the State's economic output and representing an increase of just over \$4 billion since 2007. Over the past decade, economic growth of the city has averaged an annual growth rate of 3% and has largely been higher than average economic growth for South Australia.<sup>61</sup>

Figure 12. GRP growth City of Adelaide – 2007 to 2017



Source: National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by .id, the population experts

In 2017, the city's three largest industries in terms of share of value added<sup>62</sup> to the economy were Financial & Insurance (22%), Public Administration and Safety (12%), and Health Care and Social Assistance (10%). The three sectors combined accounted for 44% of the total value added for the City of Adelaide and is significantly higher than the share at the State level (27%). Across South Australia, Financial and Insurance Services accounted for 9% of total value added to the State economy, Public Administration and Safety 7%, and Health Care and Social Assistance 11%.<sup>63</sup>

Manufacturing and Agriculture, Forestry and Fishing accounted for a very small proportion of economic growth for the city and is significantly less than the economic contribution of these industries at the State level.

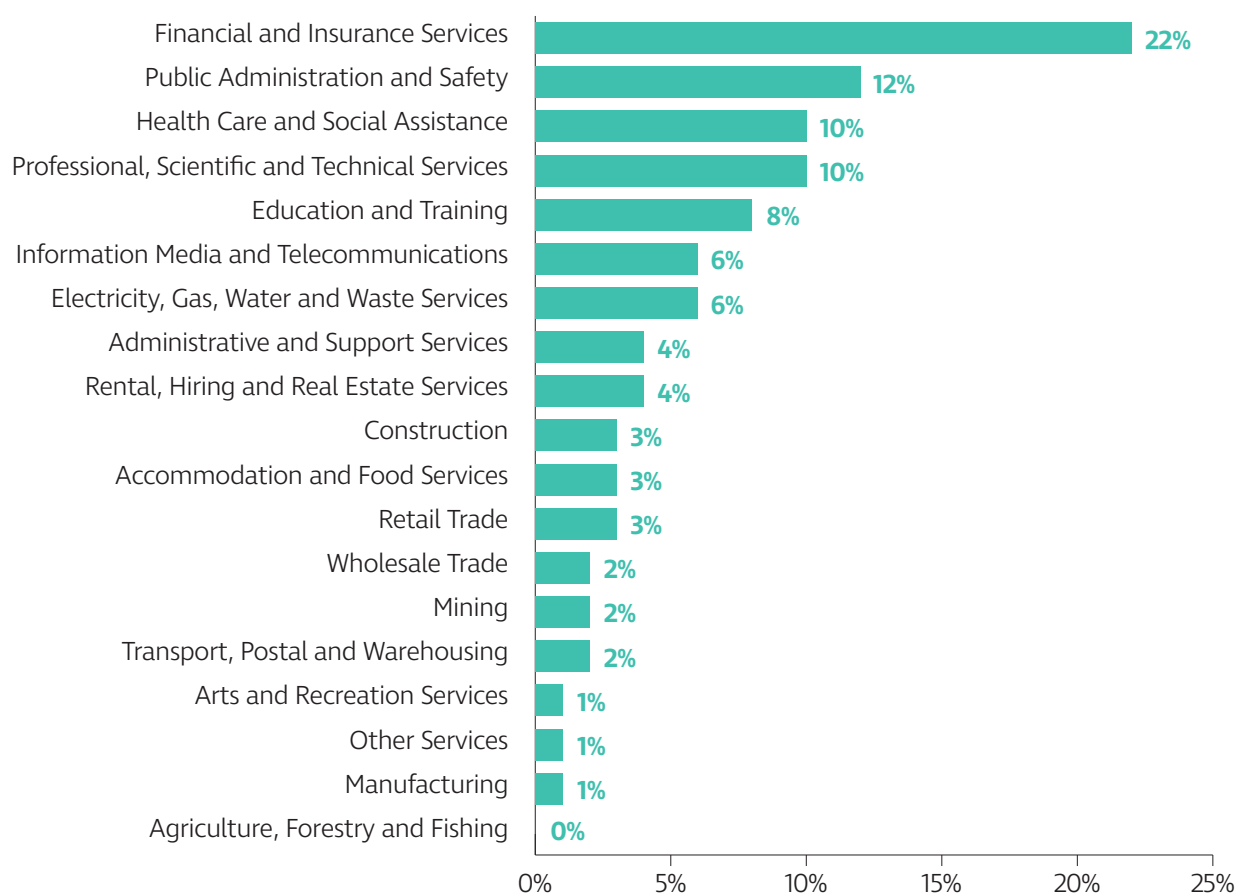
61 Based on data from City of Adelaide Economic Profile, compiled and presented by .id, <http://economy.id.com.au/adelaide/gross-product>

62 Value added refers to the value of sales generated by an industry minus the cost of its inputs.

63 <https://economy.id.com.au/adelaide/topic-notes?#value-added-by-industry>



Figure 13. Share of industry value add – City of Adelaide 2017



Source: National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by .id, the population experts.

## Business/Sector growth

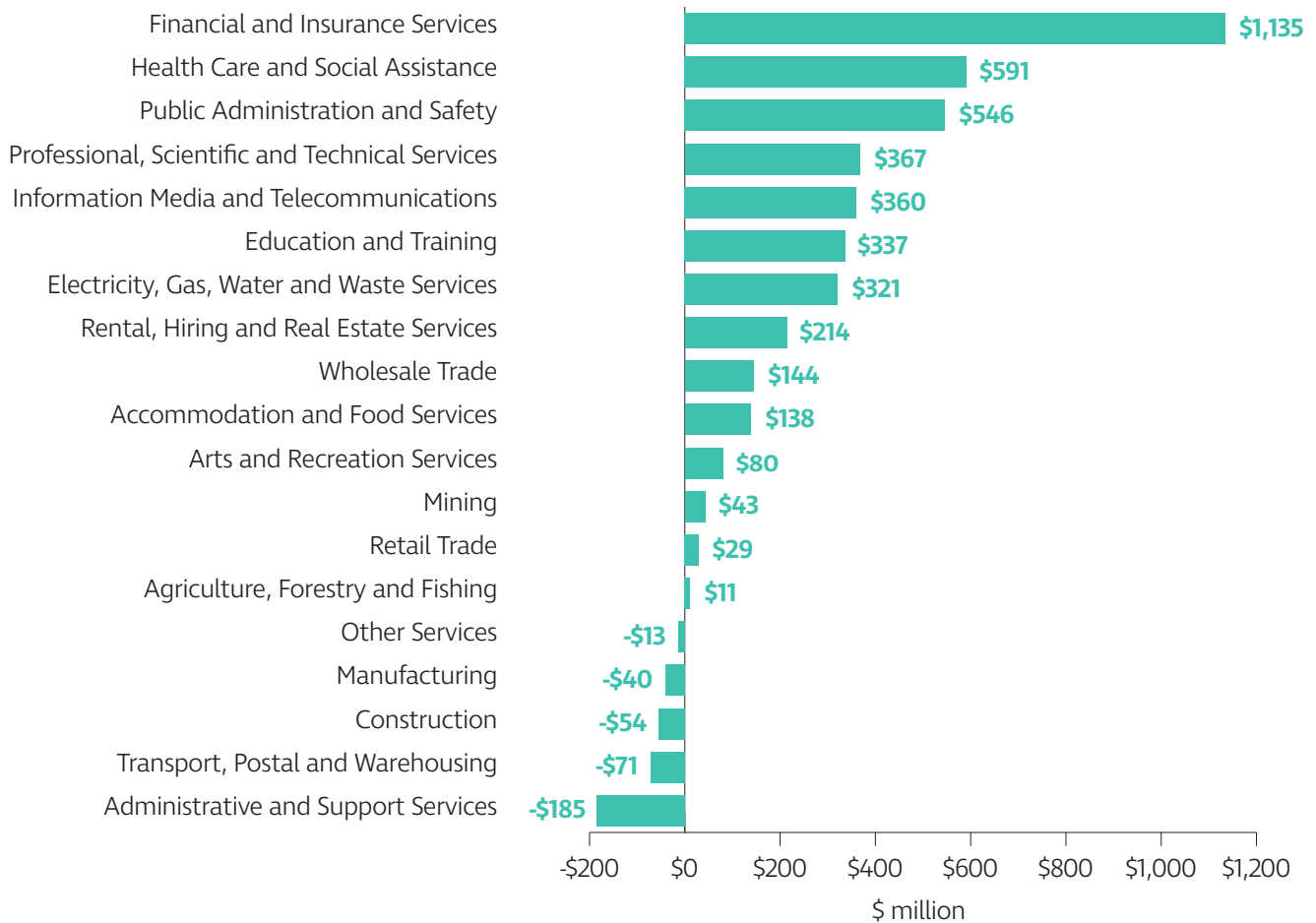
Business decisions, local and global economic trends and policy directions are factors that can stimulate industry growth. The industries driving economic growth over the last ten years were also the three largest sectors in the city's economy. Since 2007, the Financial and Insurance Services sector has added \$1.1 billion to the local economy while Health Care and Social Assistance and Public Administration and Safety have added \$591 million and \$546 million respectively.<sup>64</sup>

Between 2007 and 2017, the industries that experienced the greatest decline in terms of value add were Administrative and Support Services (-\$184 million) and to a lesser extent, Transport, Postal and Warehousing (-\$71 million).<sup>65</sup>

<sup>64</sup> In constant prices i.e. have been adjusted for inflation.

<sup>65</sup> City of Adelaide Value Add by Industry, National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by .id, the population experts, <https://economy.id.com.au/adelaide/value-add-by-industry?EndYear=2007> accessed 24/7/2018

Figure 14. Change in industry value add City of Adelaide - 2007 to 2017



Source: National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by .id , the population experts.

In Deloitte's<sup>66</sup> report on unlocking the potential of Adelaide, several sectors were identified that could have significant growth opportunities for the city. These include: international education; creative industries; health and medical industries; defence; and professional, scientific and information technology services.

### International Education

International education is South Australia's largest services export and as highlighted in Chapter One, is a key contributor to population and economic growth in Adelaide. Adelaide is well placed to continue to attract overseas students being relatively affordable with a large supply of student accommodation and a quality education sector.

### Creative Industries

As the capital city of the Festival State, Adelaide is well-placed to take advantage of the multitude of events that are held in the city. In addition to the infamous Mad March, the city is also developing its reputation for creative potential as the first and only designated City of Music in Australia in the UNESCO Creative Cities Network.

66 Deloitte, 2017, 'Make it big Adelaide – Acknowledge', Shaping Future Cities Series, <https://www2.deloitte.com/au/en/pages/future-of-cities/articles/shaping-future-cities-make-it-adelaide.html>

*Recently, it was announced that global company Technicolor will be opening a 500-person visual effects studio in Adelaide. Technicolor will build a \$26 million, visual effects studio to be known as Mill Film. The company has worked on films such as 'Wonder Woman' and 'The Shape of Water' and will add to the small but growing number of creative businesses including local success story Rising Sun Pictures, who have had their works featured in films such as Harry Potter, The Lord of the Rings and X-Men Apocalypse.*

## **Health and Medical Industries**

The city's recently established biomedical precinct on North Terrace, one of the largest in the Southern Hemisphere, will create enormous potential for the growing health and biomedical businesses in the city as well as develop and attract skills in this sector. Located in this precinct is the new Royal Adelaide Hospital, the South Australian Health and Medical Research Institute (SAHMRI), the University of Adelaide's Health and Medical Sciences Building, and the University of South Australia's Cancer Research Institute.

## **Defence Industries**

Home to Australia's only state-based defence agency and the site of major defence projects such as future submarines and frigates building, South Australia along with Adelaide, is positioned to take advantage of key developments arising from this sector. The Federal Government has committed to invest up to \$90 billion to build future submarines, frigates and increase Australia's naval capacity. In the *South Australian Government Defence Strategy: 2030*, Defence SA's mission is to 'maximise investment and jobs from the Australian Defence Force and defence industries'.<sup>67</sup> This has already had some positive effects in the city such as new office leases and new employment opportunities.

## **Professional, Scientific and Information Technology Services**

The growth of this sector over the last ten years, along with its importance to the economic growth of the city and the State, suggests that there are potential opportunities in this area.

Sectors that rely heavily on human capital as a means of production are the emerging sources of jobs and growth in the city. In particular, the Professional, Scientific and Technical Services and Information, and Media and Telecommunications sectors have shown strong growth in employment in the past few years.

This growth may be an indicator of future trends and the increasing trajectory towards building 'knowledge-intensive' or 'knowledge-based' sectors to create a sustainable city economy. South Australia's comparative advantages, epitomised in the city, can assist in transforming the city economy into one that is increasingly knowledge-centric. A 'knowledge economy' can offer comparative advantages such as fostering a collaborative culture, building a reputation for excellence in education, and enhancing research capacity and leadership in addressing global issues.

*The Ten Gigabit Adelaide project is a high-speed, high performance fibre optic data network that is being rolled out to businesses in the city. The network will have a data transfer capability of 10Gps and will be one of the key drivers of economic growth for the city in the coming years. Access to a dedicated, high-speed network will provide city businesses with a competitive advantage and will particularly benefit those in data-intensive industries such as creative, health and biomedical, defence and information management.*<sup>68</sup>

<sup>67</sup> Defence SA, 2018, 'South Australian Government Defence Strategy: 2030', accessed 2/8/2018, [http://www.defencesa.com/upload/brochures/DSA36875\\_Defence%20Strategy%202030%20Brochure.pdf](http://www.defencesa.com/upload/brochures/DSA36875_Defence%20Strategy%202030%20Brochure.pdf)

<sup>68</sup> 'Ten Gigabit Adelaide: changing our city for the better', Adelaide Review, 23 March 2018, accessed 23/7/2018, <https://www.adelaidereview.com.au/opinion/general-opinion/ten-gigabit-adelaide/>

## Entrepreneurial ecosystem

The environment for entrepreneurs in Adelaide is strong, with over 140 programs designed to support start-ups.

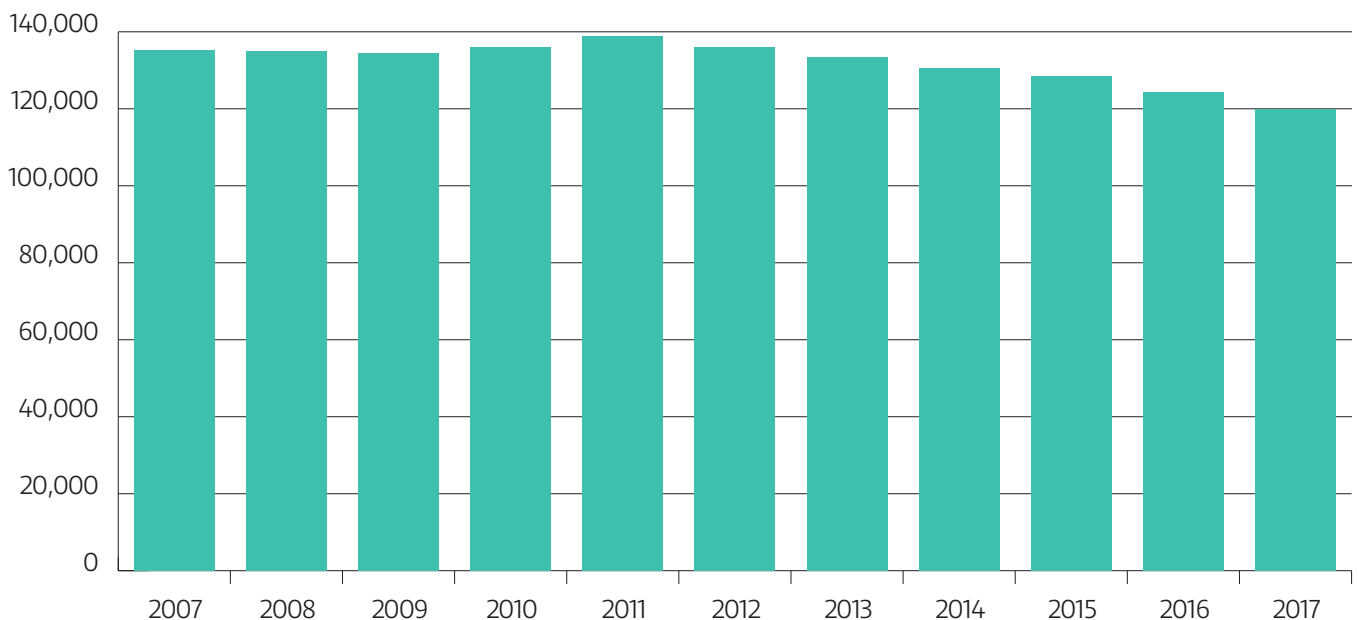
The arrival of Tech Stars, a tech start-up accelerator program, to Adelaide in 2017 is a significant opportunity. The Tech Stars Defence Program targets defence and aerospace related technologies. It operates in 80 cities across the world with Adelaide being the only Australian city to be involved.

Entrepreneurs Week is an annual celebration with 2018 being its fourth year. Entrepreneurs Week is an opportunity to recognise the role of entrepreneurs in creating value in the economy. It is also about people involved in starting a business learning, networking and building connections.

## Employment growth

The city has experienced steady employment growth over time with some fluctuations, reflecting broader economic conditions at the time.

Figure 15. Local jobs in the City of Adelaide



Source: National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by .id, the population experts

It is estimated that there were 135,325 jobs in the City of Adelaide in 2017, some 15,000 more than in 2007. Over the past ten years, employment in the city has grown at an average rate of 1.2% per year and has exceeded the employment growth of the State of 0.8%.

The industries in the city that have experienced the largest growth in full time employment between 2007 and 2017 were:

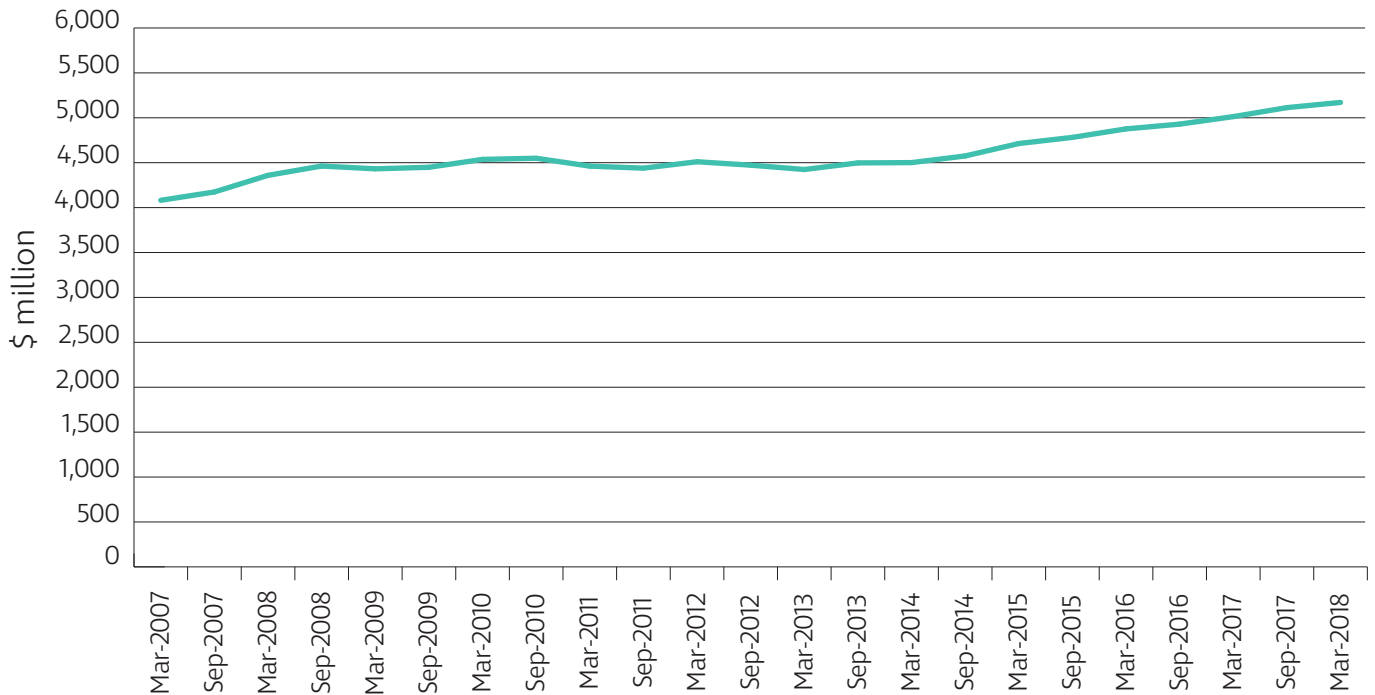
- Professional, Scientific and Technical Services (+4,551 FTEs)
- Public Administration and Safety (+2,892 FTEs)
- Health Care and Social Assistance (+2,168 FTEs)<sup>69</sup>

<sup>69</sup> Source: National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by .id, the population experts, accessed 25/7/2018, <https://economy.id.com.au/adelaide/employment-by-industry-fte?sEndYear=2007>

## Retail expenditure

Retail turnover is an indication of the broader health of the economy and consumer confidence. As Figure 15 shows, although retail turnover in SA has fluctuated over time, the overall trend is positive.

Figure 16. Retail turnover quarterly (rebased), South Australia, Q1 2007 to Q1 2018



Source: ABS, Retail Trade (Cat. No. 8501.0), Australia, Mar 2018 Table 9

According to the Colliers' Retail report, South Australian retail sales have started to ease following approximately 12 months of outperformance of national averages. Closer to home, vacancy in Rundle Mall has increased slightly over the past six months from a low of 1.4% to 2.9%. Rents along Rundle Mall have remained unchanged since September 2017 but are likely to come under pressure in the coming 12 months.<sup>70</sup>

In the quarter to February 2018, retail trade growth in South Australia was highest in food retailing, cafés and household goods.<sup>71</sup>

<sup>70</sup> Colliers International 2018, 'Retail – first half 2018', accessed 18/7/2018, [https://www.colliers.com.au/find\\_research/retail/retail\\_-\\_first\\_half\\_2018/](https://www.colliers.com.au/find_research/retail/retail_-_first_half_2018/)

<sup>71</sup> Savills, 2018, 'Quarter Time – National Retail', Savills Research Australia, Q1/2018, <http://pdf.savills.asia/asia-pacific-research/australian-research/australia-retail/savillsresearch-quarter-times-retail-q1-2018.pdf>



## Consumer and business confidence<sup>72</sup>

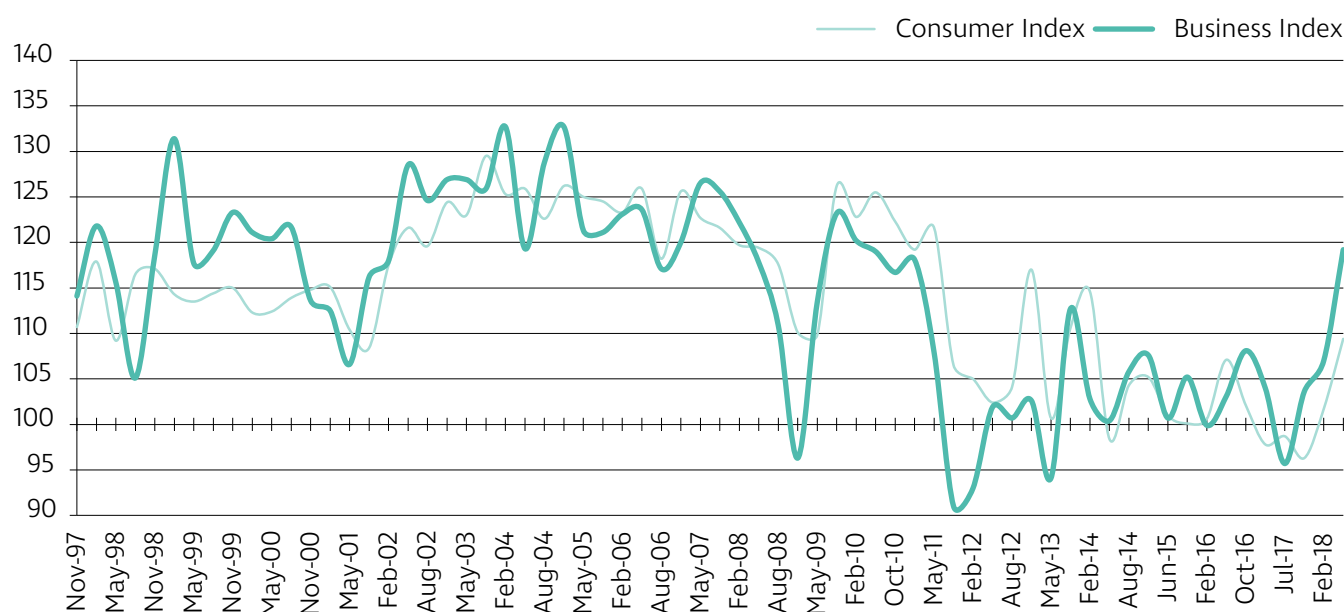
Business and consumer confidence is central to economic growth: business confidence fuels investment and consumer confidence fuels spending.

According to the July 2018 Bank SA State Monitor, consumer confidence across South Australia had improved, reaching 109.4 index points. This is the second successive rise since October 2017 with consumer confidence reaching its highest level in four years. A score above 100 shows a positive result and a negative result occurs when the index falls below 100.

The biggest negative shifts in consumer sentiment compared to the previous quarter were related to retail sales figures, housing and car sales, and media reports on business confidence. Conversely the biggest shifts in positive consumer sentiment were related to performance of the share market, stability of Australian society, and Australia's long-term outlook.

Business confidence also improved reaching 119.2 index points in July 2018, continuing the positive trend experienced in the previous quarter. This is the third consecutive rise in business confidence since July 2017. In the latest report, businesses reported negative sentiment in only one of the ten factors contributing to the index which was related to the creation of new employment in the last three months.

Figure 17. Consumer and business sentiment – South Australia, July 2018



Source: The BankSA State Monitor, No. 66 – July 2018

<sup>72</sup> Data from BankSA State Monitor, February 2018, [https://www.banksa.com.au/content/dam/bsa/downloads/about\\_us/BankSA-State-Monitor-28Wednesday-2018.pdf](https://www.banksa.com.au/content/dam/bsa/downloads/about_us/BankSA-State-Monitor-28Wednesday-2018.pdf). The BankSA State Monitor is an ongoing independent survey conducted three times a year on South Australian consumer and business confidence. The survey commenced in November 1997 and surveys 300 consumers and 300 SME owners across the State.

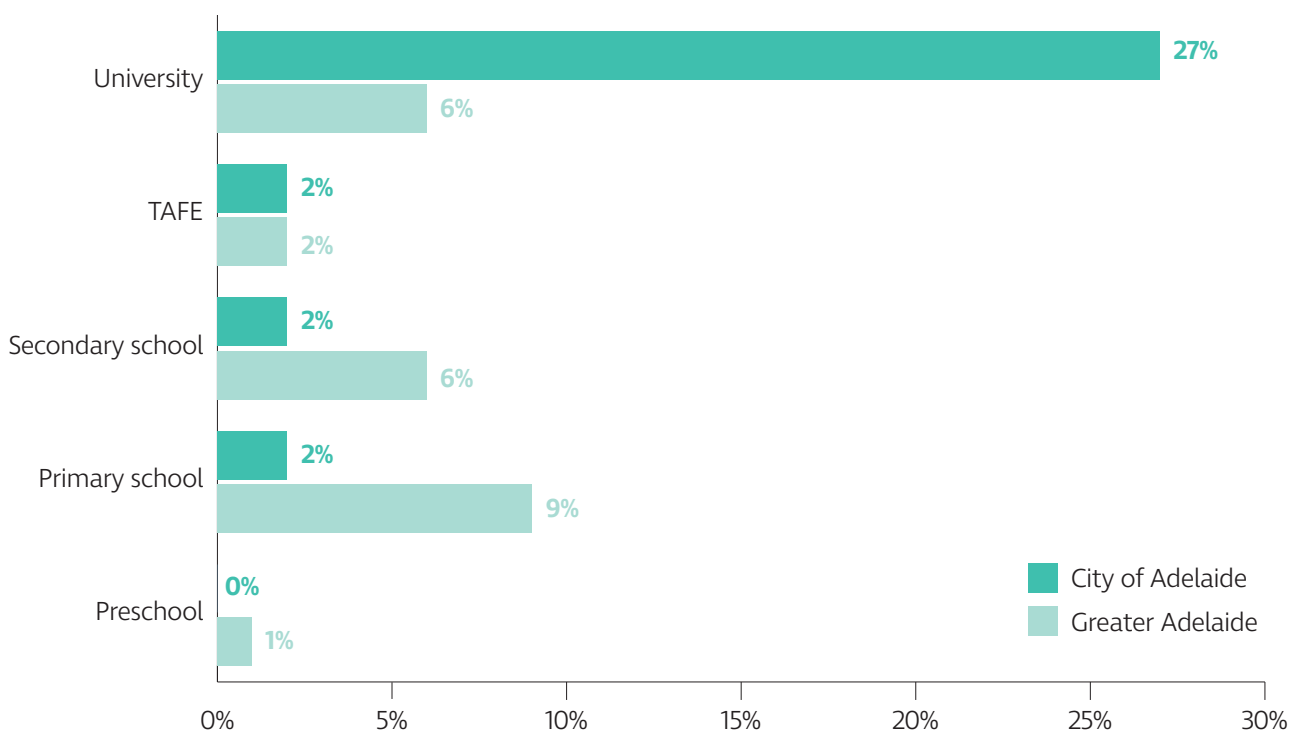
## Drivers of economic growth

### Education and qualifications

Engagement in education and the levels of qualifications of residents represent the human capital available to drive growth. Qualifications are an indicator of current human capital while participation in education is a positive signal for the future pool of available human capital.

Analysis of the share of the resident population attending educational institutions in the City of Adelaide in 2016 compared to Greater Adelaide shows that there was a lower proportion attending primary school, a lower proportion attending secondary school, and a significantly higher share engaged in tertiary level education due to the number of international students living in the city.

Figure 18. Type of educational institution attending comparison - 2016



Source: Australian Bureau of Statistics, Census of Population and Housing 2011 and 2016. Compiled and presented by .id, the population experts.

The low proportion of city residents engaged in primary and secondary education is a direct reflection of the age breakdown of the local population. The city has a higher proportion of persons aged 20 to 34 years and a smaller share of persons aged 15 years and younger.<sup>73</sup>

Between 2011 and 2016, there were 1,118 additional city residents who were studying at university, increasing the share of university attendees from 25% in 2011 to 27% in 2016.

Future growth will be influenced by the extent to which the qualifications on offer match the skills required in a growing and changing economy. Human capital is the new driver of economic growth and businesses are now recognising that access to human capital is a key consideration when deciding where to locate or expand.

<sup>73</sup> For more on the make-up of the City population refer to the chapter on social growth.

In 2016, 37% of city residents had a bachelor's degree or higher qualification compared to 21% across Greater Adelaide. It is foreseeable that growth in the number of residents with at least bachelor qualifications will increase if the trajectory of past trends continues. This is supported by the Group of Eight report into the future demand for higher education where it is expected that the demand for higher education places will increase growth over the next twenty years, even if based on demographic change alone.<sup>74</sup>

While migration plays an important role in managing the supply of skilled workers, the local higher education and Vocational, Education and Training (VET) sectors has an equally important role in skills and workforce development. This is achieved through offering courses where students acquire the skills needed to meet the increasingly complex needs of industry<sup>75</sup> and the challenges of rapidly changing workplaces. The South Australian Training and Skills Commission estimates that approximately 482,000 qualifications will need to be delivered between 2015 and 2025 to meet industry demand for skills, with VET qualifications accounting for around two-thirds of this demand. The greatest demand for qualifications is expected to come from health and community service workers.<sup>76</sup> The State Government has secured at least \$87 million from the Federal Government's *Skilling Australians Fund* to support an additional 20,000 work-based apprenticeships and traineeships in South Australia over the next four years.<sup>77</sup>

## Labour force

The labour force is often referred to as the workforce or economically active population and typically includes people aged 15 to 65 years. The workforce includes people who are employed as well as those who are looking for work (unemployed).<sup>78</sup>

The local labour force refers to people who live locally and have the potential to work locally regardless of whether they are currently employed or where they work now. The local labour force is an important resource for the city economy and is an indicator of the skills that are available here. As at March 2018, the size of the city's labour force is estimated at 13,413 with an unemployment rate of 6.7%.<sup>79</sup>

Workers are very mobile and as a capital city, Adelaide attracts workers from further afield. According to the 2016 Census, more than 95% of the city's workforce lived outside the City of Adelaide.<sup>80</sup> In comparison 57% of city residents who were employed also worked in the city.<sup>81</sup>

Comparing city workers with those working in the metropolitan area, the city has:<sup>82</sup>

- a slightly higher proportion of female workers (55% compared to 50%);
- a higher proportion of workers aged 25 to 54 (71% compared to 66%);
- a higher proportion of people working in 'Professional'<sup>83</sup> occupations (35% compared to 23%);
- a larger proportion of workers with an individual weekly income of more than \$1,750 (24% compared to 16%);
- a lower proportion of workers travelling to work by car (46% compared to 71%); and
- a higher proportion of those travelling by public transport (32% compared to 9%).

74 Group of Eight Australia, 'Future demand for higher education in Australia', <https://go8.edu.au/sites/default/files/docs/backgrounder-future-demand-for-higher-education-in-australia.pdf>

75 Australian Workforce and Productivity Agency, Australia's skills and workforce development needs (Discussion paper, July 2012), p.60

76 The Training and Skills Commission, 2017, 'Skills for future jobs 2020 series', <https://go8.edu.au/sites/default/files/docs/backgrounder-future-demand-for-higher-education-in-australia.pdf>

77 [https://www.saliberal.org.au/funding\\_announced\\_for\\_20\\_000\\_new\\_apprenticeships\\_and\\_traineeships](https://www.saliberal.org.au/funding_announced_for_20_000_new_apprenticeships_and_traineeships)

78 Parliament of Australia, 2016, 'Labour force statistics: a quick guide', Research Paper Series, 2015-16, <https://statedevelopment.sa.gov.au/upload/education/VETSECTORPLAN.pdf>

79 Department of Jobs and Small Business, 'LGA Data Tables – Small Area Labour Markets – March Quarter 2018', <https://docs.jobs.gov.au/documents/lga-data-tables-small-area-labour-markets-march-quarter-2018>

80 ABS, Census of Population and Housing 2011. Compiled and presented in economy.id <https://economy.id.com.au/adelaide/workers-place-of-residence-industry?sEndYear=2011>

81 ABS Census of Population and Housing compiled and presented in Profile.id <https://economy.id.com.au/adelaide/residents-place-of-work-industry?sEndYear=2011>

82 ABS Census of Population and Housing compiled and presented in Profile.id <https://economy.id.com.au/adelaide/workers-key-statistics?IGBMID=20&sEndYear=2011>

83 Based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO)

People living with disability, many of whom have capacity to work, are underrepresented in the labour force, representing a potential untapped resource for economic growth. Across Australia 53% of people living with disability participated in the workforce compared to 83% of people with no reported disability.<sup>84</sup> There is a policy focus on encouraging people with disability into work, including through the NDIS that may be used to support employment services and specialist transition to work programs that prepare people for jobs.<sup>85</sup> The 2016 Census revealed that 2.9% of City of Adelaide residents had a need for assistance with core activities of daily life, with about one third of those aged 20 to 59 years<sup>86</sup>, which can be loosely defined as 'working age'.

In addition to people with disability, increased labour force participation by groups such as women and older people could possibly offset the ageing of the workforce. The Federal Government strategy, *Towards 2025: an Australian Government strategy to boost women's workforce participation*, sets a target of reducing the gap in participation rates between women and men by 25% by 2025. Increasing women's workforce participation is an economic priority for Australia as it can improve productivity and prosperity as well as reduce fiscal pressures associated with providing welfare support to an ageing population.

In their 2018-19 Budget, the Federal Government announced the *More Choices for a Longer Life Package*, which aims to assist older Australians to stay independent, healthy and connected through their later years. Measures to encourage older Australians to remain in the workforce include expanding access to the \$10,000 *Restart* wage subsidy to encourage more businesses to hire and retain mature age workers, creating a new *Skills and Training Incentive* to support mature age workers to reskill and upskill, and expanding the *Entrepreneurship Facilitators* program to support mature age entrepreneurs.<sup>87</sup>

Growing the employment prospects of any people who would like to work, or to work more, enhances the city's growth potential.<sup>88</sup>

## International education

The city continues to reap much of the benefit of international education to the South Australian economy. As the State's top service export earner, international education brings more than \$1 billion to South Australia's economy annually.

The State Government elected in March 2018 is continuing a focus on growing international student numbers as a measure to boost exports, grow the economy and create jobs. Specific measures include increasing funding to StudyAdelaide, the body responsible for promoting Adelaide as a centre of education excellence, doubling the international student ambassador program, and better connecting international students to accommodation, services and other information to enhance Adelaide's standing as a study destination.<sup>89</sup>

Continuing to provide quality student accommodation and educational institutions in the city will ensure that a high proportion of international student spend occurs locally; it has been estimated that 48% of spend goes to educational institutions and the remainder to living costs.

In addition to students themselves, friends and family also often visit. International visitor leisure arrivals (people on holiday or visiting friends and relatives) continues to drive international arrivals growth, with an increase of 10% over the 12 months to March 2018 Australia-wide.<sup>90</sup> In South Australia, all visits from China increased by 32% to year end 2017, compared to year end 2016.<sup>91</sup> Other benefits that international students can have on the local economy include support of the construction industry through the purchase of housing, and the propensity for return visits post-studies.<sup>92</sup>

84 Australian Bureau of Statistics, 'Disability, Ageing and Carers: Summary of Findings, 2015', (Cat. No. 4430.0), <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4430.0Main%20Features452015?opendocument&tabname=Summary&prodno=4430.0&issue=2015&num=&view>

85 Australian Government, Productivity Commission Inquiry Report, 'Disability Care and Support' (No.54, July 2011) <http://www.pc.gov.au/inquiries/completed/disability-support/report/disability-support-overview-booklet.pdf>

86 ABS, Census 2016 compiled and presented by .id the population experts <https://profile.id.com.au/adelaide/assistance> last accessed 4 June 2018.

87 Australian Government, 'Budget 2018 – Fact sheet 1: More Choices for a longer life package', accessed 3/8/2018, <https://www.budget.gov.au/2018-19/content/factsheets/download/more-choice-for-a-longer-life.pdf>

88 Australian Workforce and Productivity Agency, 'Australia's skills and workforce development needs', (Discussion paper, July 2012), p.3.

89 Marshall Liberal Government pre-election policy position <https://strongplan.com.au/policy/education-as-an-export/> last accessed 4 June 2018.

90 Tourism Australia <http://www.tourism.australia.com/en/markets-and-research/tourism-statistics/international-visitor-arrivals.html> last accessed 4 June 2018.

91 South Australian Tourism Commission <http://tourism.sa.gov.au/research-and-statistics/south-australia/international-performance> last accessed 4 June 2018.

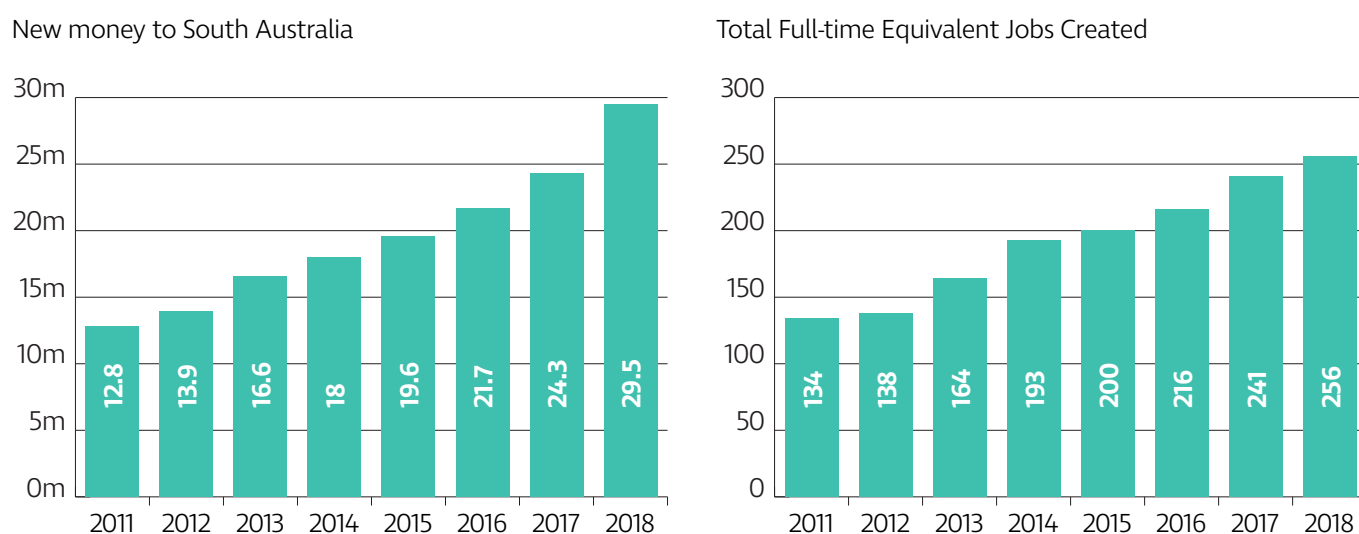
92 Deloitte, 2016, 'International education in South Australia, commissioned by the State Department of Development (SA).

## Festivals and events

Investment in the physical and cultural dimensions of city growth, from major projects and event spaces to the public realm, are also tangible assets for economic growth. It is expected that a significant proportion of the economic benefit of major events that take place in the city is realised in the city. The city plays host to numerous events throughout the year such as the Tour Down Under, Australian International 3 Day Event, OzAsia Festival, the South Australian Living Artists Festival (SALA) and many more.

An example of the economic benefit of major events to the city and South Australia is the Adelaide Fringe Festival. In 2018, the Fringe generated \$29.5 million in new money, creating the equivalent of 256 full time jobs. The Fringe also attracted 20,244 interstate and international visitors resulting in 97,941 bed nights.<sup>93</sup>

Figure 19. Economic contribution of the Fringe Festival 2018



Source: 2018 Annual Review, Adelaide Fringe

Similarly, a report published by the Adelaide Festival Centre showed that the total economic and social contribution of the Festival Centre to South Australia was \$160 million in 2015-16. This was achieved through various activities such as theatre, opera, dance, ballet and musical performances.<sup>94</sup>

More recently, it was reported that the Adelaide Festival<sup>95</sup> contributed approximately \$21 million to the South Australian economy following record-breaking ticket sales in 2018. Close to 20,000 visitors came from interstate and overseas for the festival, generating 138,021 visitor bed nights, which is 50% higher than in 2017.<sup>96</sup> Events activity creates jobs, boosts local business, attracts visitors, and enhances Adelaide's national and international reputation.

Besides the tremendous economic impact of events, festivals make a key contribution to the State's vibrancy, social inclusion and wellbeing, contributing to the cultural growth of the city. In addition, events can lead to an expansion of the visitor economy as well as lasting recognition of destination branding in key tourism markets. As the hosting of events can be an opportunity to reposition a destination, successful events can spark economic growth, job creation, branding and regional/local development.<sup>97</sup> From a cultural perspective, festivals and events help to forge a unique identity for the city and South Australia that can be a catalyst for repeat visits, and for relocation or return to the State.

93 '2018 Annual Review', Adelaide Fringe, <https://adelaidefringe.com.au/2018-annual-review>

94 Adelaide Festival Centre Trust, 2017, 'Economic contribution of the Adelaide Festival Centre Trust', [https://www.adelaidefestivalcentre.com.au/media/3536/adelaidefestivalcentre\\_economiccontribution\\_feb2017.pdf](https://www.adelaidefestivalcentre.com.au/media/3536/adelaidefestivalcentre_economiccontribution_feb2017.pdf)

95 Refers to the ten major festivals - Adelaide Fringe, WOMADelaide, Adelaide Film Festival & Festival of Ideas, Adelaide International Guitar Festival, Adelaide Cabaret Festival, Come Out Children's Festival, Feast Adelaide Queer Cultural Festival, OzAsia Festival and SALA Festival

96 Adelaide Festival, 2018, 'Adelaide Festival generates \$76.1 million for the State', <https://www.adelaidefestival.com.au/news/economic-impact-2018>, accessed 24/5/2018,

97 OECD, 2017, 'Major events as catalysts for tourism', OECD Tourism Papers, 2017/02, OECD Publishing, Paris. <http://dx.doi.org/10.1787/a0e8a96f-en>



## Tourism

Tourism is important for economic growth as it introduces 'new money' to a region. In addition to its direct economic impacts, there are also significant indirect and flow-on effects for the local economy.<sup>98</sup> In 2016-17, tourism contributed \$6.2 billion to the South Australian economy or 3% of gross state product (GSP). The City of Adelaide and the State are known for their clean, green reputation with Adelaide being recognised as one of the top ten cities in the Lonely Planet's Best in Travel list. There is a clear focus on leveraging off our natural assets for tourism opportunities such as those outlined in the South Australian Tourism Commission's *Nature Based Tourism – Strategy* and *Nature Based Tourism - Action Plan*. Recent developments such as the growth in direct flights from countries such as China and Fiji and the recently approved expansion of the Adelaide Airport are likely to have a positive impact on future international visitor growth. According to tourism forecasts, international visitor numbers in Australia are expected to increase from 8.6 million in 2016-17 to 9.7 million in 2018-19. In contrast, domestic visitation will experience a modest growth of 2.6% due to high domestic travel costs including higher airfares as well as continued constraints of discretionary spending.<sup>99</sup>

In the year to March 2018, tourism expenditure for South Australia reached a record high of \$6.7 billion, an increase of 5% from the previous year. Much of this growth was driven by tourism from China, followed by the United States of Australia, Hong Kong and the UK.<sup>100</sup>

## Business tourism

People visiting Adelaide to participate in conferences is a significant generator of economic activity for the city and the State. In fact, Meetings, Incentives, Conventions and Exhibitions is one of the fastest growing event segments with strong competition from emerging markets. In addition to the economic benefits associated with events, business tourism such as conferences can help to disseminate new knowledge, improve workforce practices, and lead to better industry policies.<sup>101</sup>

The Adelaide Convention Bureau (ACB) tracks the annual economic impact of conference activity to South Australia. In 2016-17, the economic impact value of the conference events held totalled \$247 million and created 261,500 visitor bed nights and 2,084 jobs, the highest level of performance and activity in a decade for the ACB.<sup>102</sup>

In August 2017, the Adelaide Convention Centre completed its nine-year, \$397 million expansion project. Stage Two of the project, which involved the replacement of the original Plenary building built in 1987, increased the plenary capacity to 3,500 and the overall footprint of the Convention Centre to 20,000 square meters. The larger space will allow the venue to host larger events as well as hold several smaller events simultaneously.<sup>103 104</sup> In the past Adelaide has not been able to compete for some events due to venue capacity.

The State Government has committed to increase the Events Bid Fund to \$40 million over four years, to attract more events and conventions to SA.

98 World Travel and Tourism Council, 'Travel and Tourism – Economic Impact 2017 Australia', <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/australia2017.pdf>

99 Tourism Research Australia, 'Tourism Forecasts 2017', <https://www.ra.gov.au/research/view-all-publications/all-publications/forecast-reports/tourism-forecasts-2017>, accessed 7/8/2018.

100 'Tourism in South Australia reaches record \$6.7 billion', Media Release, 19/7/2018, <https://premier.sa.gov.au/news/tourism-in-south-australia-reaches-record-67-billion>  
101 ibid

102 Adelaide Convention Bureau, 'Annual Report 16/17', <http://www.adelaideconvention.com.au/wp-content/uploads/2014/03/Annual-Report-Final-051217.pdf>

103 Adelaide Convention Centre, 2017, 'A centre transformed Adelaide Convention Centre celebrates completion of \$397 million redevelopment', <http://www.adelaidecc.com.au/a-centre-transformed-adelaide-convention-centre-celebrates-completion-of-397-million-redevelopment/>

104 The Urban Developer, 2017 'Adelaide Convention Centre open to the public after \$397 million upgrade', 31/8/2017, <https://theurbandeveloper.com/articles/adelaide-convention-centre-redevelopment>

## Competitiveness

Competitiveness is one of the key aspects of economic growth, driving economic outcomes such as output, employment growth and labour productivity. According to the World Bank, cities whose leaders do not continuously reassess their approach to growth can lose their momentum.<sup>105</sup>

KPMG's biennial Competitive Alternatives report compares business costs and other competitiveness factors across more than 100 cities in 10 countries. The major business cost components considered in the report are salaries and wages; benefits; facility costs; utilities and taxes; non-cost factors are also considered.

Adelaide was the most cost competitive city of the Australian cities surveyed in the baseline year of 2004 and in four of the five subsequent years. In 2016, Adelaide was ranked as the most cost competitive city in Australia out of Melbourne, Sydney and Brisbane. According to KPMG, Adelaide is one of the cost leaders in digital services, R&D services, and corporate services.

The city's competitiveness is a strong influencer of economic growth and is strengthened by a culturally rich and diverse community. For more on the city's cultural diversity, see Chapter Five.

Future economic performance is influenced by the social, cultural, physical and environmental dimensions of city growth. It is also influenced by the availability of skilled labour and the creative application of new ideas and technologies: people using their ideas and energy to drive economic growth.

## Net overseas migration

Australia is a country built on migration with net overseas migration being a key driver of population growth over the past two decades. In addition to population growth, the economic contribution of migrants, particularly skilled migrants, is well-documented. Positive outcomes include:<sup>106</sup>

- migrants contribute significantly to labour-market flexibility and can fill important niches in fast growing and declining sectors of the economy;
- migrants contribute more in taxes and contribution than they receive in benefit;
- migration boosts the working age population; and
- migrants can contribute to the human capital development of receiving countries.

*Australia is one of the world's 'immigration countries' along with New Zealand, Canada and the USA. According to CGU's 'Migrant Small Business Report':*<sup>107</sup>

- *More than two-thirds of migrants who come to Australia are skilled migrants.*
- *7.5 million people have settled in Australia since 1945. That's just under a third of the total population in Australia today.*
- *Nearly half of all Australian were either born overseas or have at least once parent born overseas.*

In addition, migration can have positive effects on local demography by slowing population ageing, increasing the pool of qualified workers particularly in the case of skilled migrants, increased labour market participation as well as increased employment and productivity.<sup>108</sup>

Much of South Australia's annual population growth is due to net overseas migration (NOM). NOM to South Australia increased rapidly in the period 2005-06 to 2008-09 before falling back to below 2005-06 level in 2016-17. Over the past few years, annual NOM to South Australia has hovered above the 10,000-person mark. This may be partly due to a visa system that gives extra points against the Department of Home Affairs' points test to applicants who are willing to live and work in South Australia and who have the skills and experience required by the State.

<sup>105</sup> World Bank, 2015, 'Competitive cities for jobs and growth',

<http://documents.worldbank.org/curated/en/902411467990995484/pdf/101546-REVISED-Competitive-Cities-for-Jobs-and-Growth.pdf>

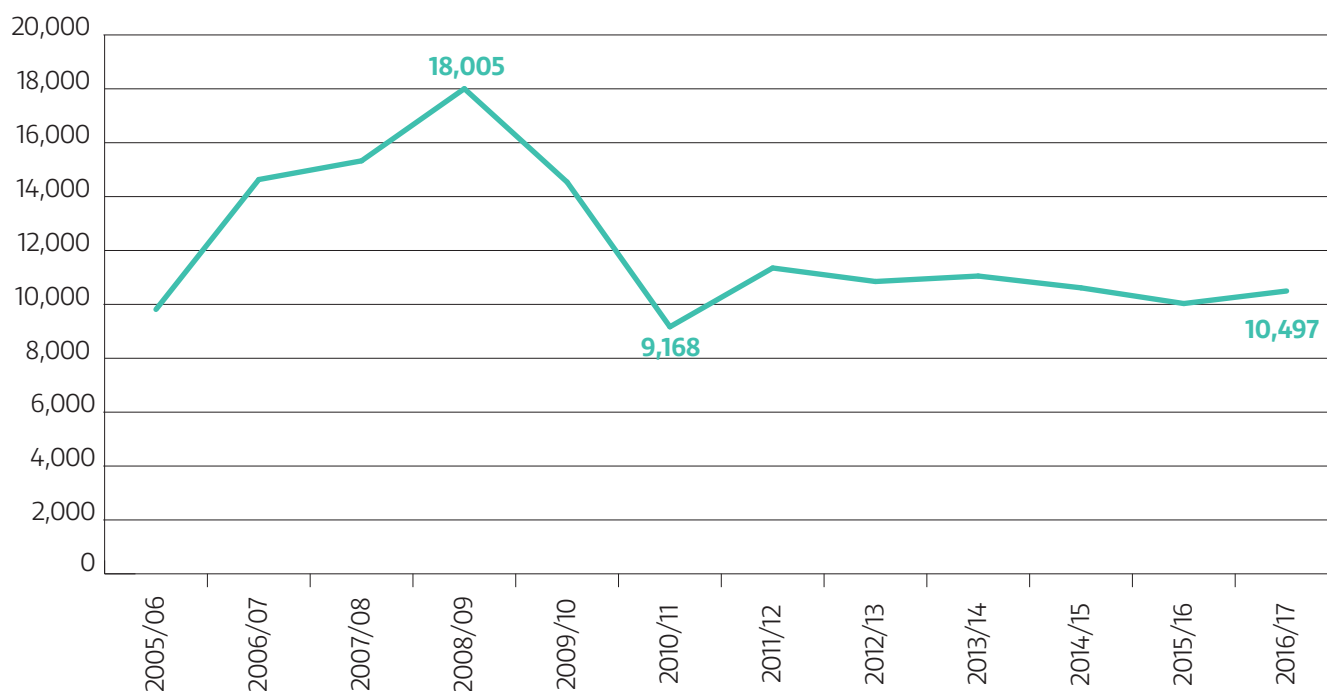
<sup>106</sup> Parliament of the Commonwealth of Australia, 2017, 'No one teaches you to become an Australian: report of the inquiry into migrant settlement outcomes', Joint Standing Committee on Migration, <http://apo.org.au/system/files/129176/apo-nid129176-569806.pdf>

<sup>107</sup> CGU, 2017, 'Migrant small business report', <https://www.cgu.com.au/migrantsmallbusiness/download-report/>

<sup>108</sup> SACES, 2017, 'The potential benefits of reforming migration policies to address South Australia's needs- report 1: key challenges', <https://www.adelaide.edu.au/saces/docs/publications-reports/migrationpolicyprojectreport1.pdf>

In 2016-17, NOM was the key driver of population growth in South Australia, adding 10,497 persons to the State. This is slightly higher than the 10,031 persons added in 2015-16 with figures appearing to pick up again since the lowest point in 2010-11 of 9,168. However, migration levels are still well below the peak levels experienced during 2008-09.

Figure 20. Net overseas migration to South Australia



Source: ABS, Australian Demographics Statistics (Cat No. 3101.0)

While the volume of change for natural increase (births minus deaths) and net interstate migration were similar in 2016-17, the flow was in opposite directions. Natural increase added 5,938 persons to the South Australian population yet 5,941 persons left to move interstate. In this respect, migration was the sole driver of population growth for South Australia during the 2016-17 financial year.

Compared with other states and territories, South Australia, has a lower proportion of skilled migrants, accounting for only 7% of total skilled migrants in Australia in 2017. This figure is also lower than the 9% experienced during 2007-08 where South Australia's share of skilled migrants exceeded those of Tasmania, Northern Territory and the ACT. Evidently, there is room for growth to encourage a greater proportion of skilled migrants to SA.<sup>109</sup> According to former Department of Border Protection, 14,878 people settled permanently in South Australia in 2017 with the majority of these being skilled migrants (62%) followed by family migrants (30%) and humanitarian entrants (7%).<sup>110</sup>

Refugee-humanitarian entrants are a significant component of net overseas migration to SA and can contribute significantly to economic growth. While humanitarian entrants may require longer to establish themselves economically, studies have shown that refugee-humanitarian settlers show greater propensity than other migrants to be entrepreneurial and to start their own business.<sup>111</sup>

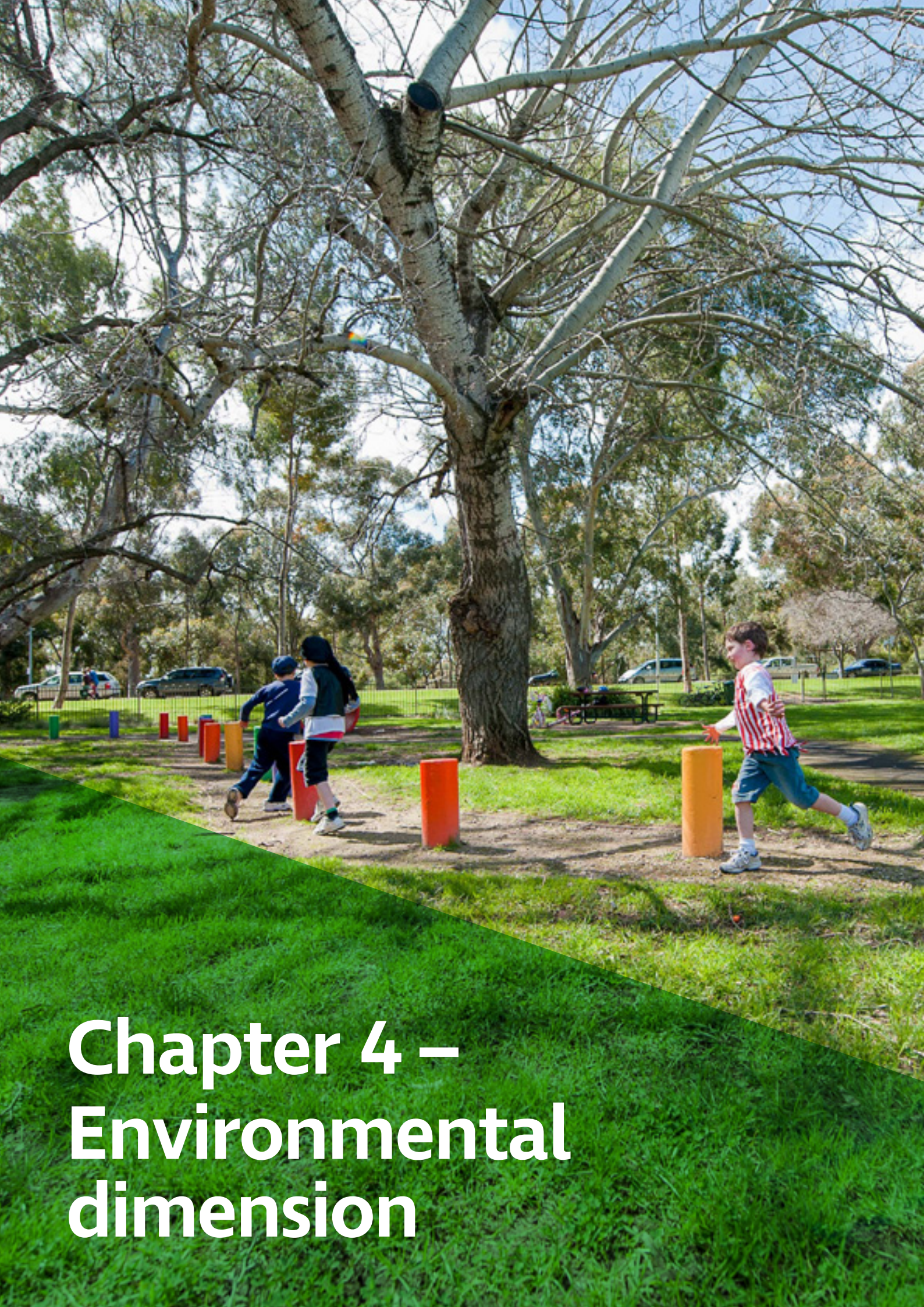
While net overseas migration is an important factor in building and sustaining the South Australian and city economy, policy settings and prevailing economic conditions will affect the propensity for migration and its influence on growth into the future.

<sup>109</sup> Department of Home Affairs, '2016-17 Migration Programme Report', <http://www.homeaffairs.gov.au/ReportsandPublications/Documents/statistics/report-on-migration-program-2016-17.pdf>

<sup>110</sup> Department of Social Services, 2017, 'Settlement Data Report January 2017 to 31 December 2017', <https://www.data.gov.au/dataset/settlement-reports/resource/bea8a0d4-4d63-42bf-9325-ac1cd0d50009>

<sup>111</sup> See for example Graeme Hugo, 'The Economic Contribution of Humanitarian Settlers in Australia', 2013, [http://www.kaldorcentre.unsw.edu.au/sites/kaldorcentre.unsw.edu.au/files/the\\_economic\\_contribution\\_of\\_humanitarian\\_settlers\\_in\\_australia.pdf](http://www.kaldorcentre.unsw.edu.au/sites/kaldorcentre.unsw.edu.au/files/the_economic_contribution_of_humanitarian_settlers_in_australia.pdf)





# Chapter 4 – Environmental dimension



## Chapter 4 – Environmental dimension

Cities have unique environmental impacts and challenges that intensify as they grow.

In this chapter you will find information about city growth in the context of climate change and approaches to sustainability.

### Summary

The city's environment contributes to the richness of the experience of places and the overall quality of life in the city. Maintaining and enhancing the natural landscape is part of growing the city sustainably and attractively, which is advantageous to the social, cultural and economic dimensions of growth.

As our city grows, how we generate and use energy, protect biodiversity and natural landscapes, conserve water, and manage waste becomes increasingly important. Climate change is impacting the environment in complex ways that is testing the resilience of natural and built systems. Impacts on the growth of cities include can relate to the economy, public health, urban design and infrastructure.

Sustainable growth assists household economic resilience through its intersection with the provision of infrastructure to support cycling and walking. Non-motorised transport opportunities mean that households are better able to respond to unexpected financial burdens such as fuel price increases, vehicle failures or income losses.

Global action on climate change is widespread. In 2015, Adelaide made a global commitment to the 2015 United Nations Paris Conference of Parties (COP21) Compact of Mayors. At the COP21, countries agreed as part of the Paris Agreement to a goal of limiting global temperature increase to well below two degrees Celsius, while urging efforts to limit the increase to 1.5 degrees. This will require a massive transformation of global energy systems and infrastructure to be able to transition to a low carbon economy. This global transformation has commenced, and the opportunities for early movers are vast.<sup>112</sup>

As a corollary to city growth there is a responsibility for climate change mitigation and adaptation. The imperative for genuine, practical and long-term measures to reduce emissions is still acute. In South Australia there has been significant growth in the renewable energy and clean technology sectors over the last decade.<sup>113</sup>

City of Adelaide confirmed its commitment to action on climate change in the *City of Adelaide 2016-2020 Strategic Plan*, which has the pursuit of carbon neutrality as a cornerstone of building on Adelaide's strengths as a smart, green, liveable and creative city.

<sup>112</sup> This is from the Carbon Neutral Adelaide Action Plan

[https://www.cityofadelaide.com.au/assets/94335\\_BSA\\_Carbon\\_Neutral\\_Adelaide\\_Action\\_Plan\\_2016\\_2021\\_FIN\\_WEB\\_v6.pdf](https://www.cityofadelaide.com.au/assets/94335_BSA_Carbon_Neutral_Adelaide_Action_Plan_2016_2021_FIN_WEB_v6.pdf)

<sup>113</sup> Stated in the CNAAP.



## Resource usage

The social and physical growth of the city (more people and more buildings) will necessitate an increase in resource use. City growth with the environment in mind, will aim to reduce resource use relative to total growth.

### Energy use

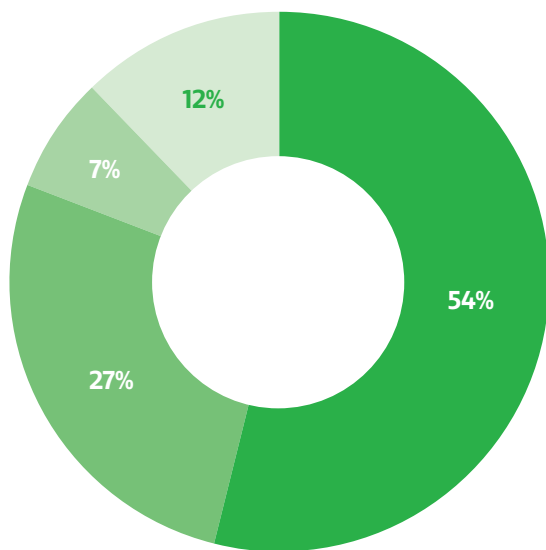
In 2016-17, greenhouse gas (GHG) emissions associated with the consumption of purchased electricity and gas (known as stationary energy emissions) were the largest contributor to the City of Adelaide's community emissions, accounting for over half of total GHG emissions. Most of these emissions are from electricity consumed in commercial buildings, representing a decrease from 2006-07 when stationary energy emissions accounted for 72% of the city's total GHG emissions. Other sources of GHG emissions for the city include transport (27%), product use<sup>114</sup> (12%) and waste (7%).

Since the baseline year 2006-07 to 2016-17, the city's GHG emissions reduced year on year with a 15% overall reduction. This decrease has occurred against an increase in gross regional product (GRP) of 35% over the same period, demonstrating the decoupling of emissions growth from productivity.<sup>115</sup>

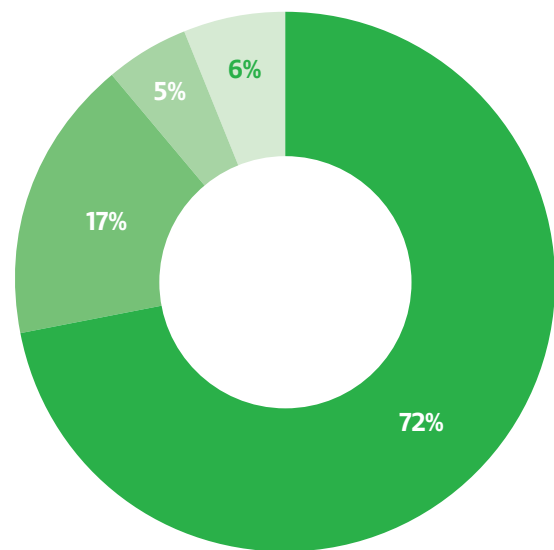
Transport-related emissions have increased from 17% of total city emissions to 27%. This is largely due to an increase in private on-road transportation through increased numbers of people visiting the city.<sup>116</sup>

Figure 21. City of Adelaide community GHG inventory – proportional sectoral emissions 2017 and 2007 (baseline)

City of Adelaide Community  
GHG Emissions Inventory FY2017



City of Adelaide Community  
GHG Emissions Inventory FY2007 (Baseline)



■ Stationary Energy ■ Transport ■ Waste ■ Product Use

Source: City of Adelaide GHG Emissions Inventory 2018

<sup>114</sup> Product Use, or fugitive emissions, refer to emissions of gases or vapours from pressurized equipment.

<sup>115</sup> City of Adelaide Community GHG Emissions Inventory

<sup>116</sup> City of Adelaide Community GHG Emissions Inventory

The National Australian Built Environment Rating System (NABERS) measures the environmental performance of Australian buildings, tenancies and homes. It measures aspects such as energy efficiency, water usage, waste management and the indoor environment quality of a building or tenancy and its impact on the environment.

Over the five years to 2017, the amount of Green Star-rated office space available across the city has increased by 32% while the average energy use of NABERS-rated office buildings improved by 26%. As at April 2017, 32% of the office space in the city is now Green Star certified.<sup>117</sup>

In 2018 the Royal Adelaide Hospital became the first large-scale hospital complex in Australia to achieve a 4-Star Green Star Healthcare “as built” rating from the Green Building Council of Australia.<sup>118</sup> Uniting Communities’ mixed-use development in the CBD has been awarded a 6-Star Green Star design rating with more Green Star points than any other project in South Australia.<sup>119</sup>

While increasing the proportion of green office space further may drive a reduction in carbon emissions from each commercial building, this will occur in an overall environment of increasing commercial floorspace. Through both private investment and the Sustainable Incentives Scheme offered by the City of Adelaide in partnership with the State Government, several commercial and public buildings have large photovoltaic installations, reducing demand on the electricity grid. Less reliance on grid electricity reduces the level of carbon emissions and promotes more sustainable growth for the city. Advances in renewal energy storage technologies may further reduce reliance on grid electricity over time.

## **Water conservation**

Future water demand and use will be affected by population and building growth in the city and by climate change.

Greater Adelaide has a vulnerable water supply with pressure intensifying due to population growth. Climate change is bringing longer, hotter, summers and decreasing rainfall, placing further pressure on Adelaide’s water supply and impacting on the future development, use, liveability and growth of the city.

The City of Adelaide community (all residents and businesses) used 19% less mains water in 2015-16 compared to 2009-10, noting that the 2009-10 baseline year was an unusually high water use year, which may overstate the extent to which water use behaviours have changed.

The use of recycled water for irrigation via the Glenelg to Adelaide Park Lands recycled water project (GAP) has increased by 130% from 2009 to 2016. This is directly related to seasonal conditions and the total area under irrigation. The only mains water that has been displaced by recycled GAP water is at the Victoria Square public conveniences. The facility toilets used 472 kilolitres of GAP water in 2015-16 which would have otherwise come from the mains water supply; 11% of water for irrigation was sourced from mains water in 2015-16.<sup>120</sup>

<sup>117</sup> Green Building Council of Australia & PCA Office Market Report 2017

<sup>118</sup> <https://new.gbca.org.au/news/gbca-media-releases/sas-green-star-credentials-grow-royal-adelaide-hospital/>

<sup>119</sup> <https://www.thefifthstate.com.au/innovation/rating-tools/u-city-tops-south-australias-green-star-charts>

<sup>120</sup> Data in this section is from the November 2017 review of the City of Adelaide Water Security Action Plan 2011-2016 and the Biodiversity and Water Quality Action Plan 2011-2016

## Waste generation and recovery

City growth is likely to result in increased waste generation and associated collection and disposal costs. Waste related GHG emissions in the City of Adelaide comprise of solid waste disposal to landfill, the biological treatment of solid waste (organic waste), and wastewater treatment and discharge.

GHG emissions related to waste have increased overall by 6% from the baseline year 2006-07 to 2016-17. The increase in waste emissions is consistent with the growth that the City of Adelaide has seen between these years.<sup>121</sup>

Waste generation and disposal impacts on the physical dimension of city growth in relation to:

- the design of buildings to include integrated waste disposal systems;
- the design of the public realm to accommodate waste disposal vehicle access and egress;
- the city aesthetic due to the presence of bins on street; and
- the accessibility of city streets, especially for those with disability or mobility issues.

The Chinese National Sword came into effect in February 2018. It bans imports of many solid wastes as raw materials and sets higher standards for contamination levels in others. This may provide the impetus to grow local capacity in the recycling and re-manufacture of waste materials and to lead the resource revolution, turning an inconvenience into an economic and jobs boom. The New South Wales government's response to the Chinese National Sword was to invest \$47 million in a support package to boost domestic sorting, processing and recycling of waste materials, seizing the opportunity to strengthen local markets and the NSW recycling industry.<sup>122</sup> In their *State Budget 2018-19*, the State Government has announced a \$12.4 million recycling industry support package to provide grants, loans and subsidies to approved recipients in response to the import restrictions implemented by China.<sup>123</sup>

## Food security

Food security means being able to grow enough food, or buy enough food, to meet the daily needs of the people of the city for an active, healthy life.

Growing cities are vulnerable to global factors including peak oil, economic crises and climate change. Each of those factors can affect the timely and sufficient supply of food. Natural disasters have highlighted the fragility of food supply lines, and events such as floods are expected to have even greater impacts on food supply lines as the climate changes.<sup>124</sup>

Greater Adelaide has already lost valuable agricultural land to housing and urban development. With creative approaches to the use of space in the city, urban agriculture (comprising food production, processing, distribution and sale) may have the potential to play a greater role in ensuring the food security of the city as part of adapting to climate change. The legislative recognition of Environment & Food Production Areas through the *Planning, Development and Infrastructure Act 2016* has the dual effect of containing urban sprawl and protecting agricultural land.

From a social perspective, it is important that members of the community can enjoy good health and quality of life through being able to access nutritional food. In their *2017 Foodbank Hunger Report*, the high cost of living is cited as the main cause of food insecurity in Australia. Rising energy and housing costs means that households are increasingly having to choose between paying bills and purchasing food.<sup>125</sup> It is therefore important that any plans for growth for the city considers measures for managing affordability and costs of living.

<sup>121</sup> City of Adelaide Community GHG Emissions Inventory

<sup>122</sup> NSW EPA, 'Response to the enforcement of the China National Sword Policy', accessed 6/8/2018, <https://www.epa.nsw.gov.au/your-environment/recycling-and-reuse/response-to-china-national-sword>

<sup>123</sup> Government of South Australia, 'State Budget 2018-19: Budget paper 5 – budget measures statement', accessed 6/9/2018, [https://cdn.service.sa.gov.au/statebudget/201819/2018-19\\_budget\\_measures\\_statement.pdf?q=567286](https://cdn.service.sa.gov.au/statebudget/201819/2018-19_budget_measures_statement.pdf?q=567286)

<sup>124</sup> National Climate Change Adaptation Research Facility (2013), Urban food security, urban resilience and climate change <http://www.nccarf.edu.au/publications/urban-food-security-resilience-climate-change>

<sup>125</sup> Foodbank Hunger Report 2017, <https://www.foodbank.org.au/wp-content/uploads/2017/10/Foodbank-Hunger-Report-2017.pdf>

## Drivers of growth

### Climate change

Most scientific experts agree that a level of climate change has been confirmed. The challenge now for the city is to genuinely adapt to climate change as part of future city growth.

Council has a long and successful history of demonstrating national and international leadership in climate change mitigation.

The *Carbon Neutral Adelaide Strategy 2015-2025* sets an ambitious target of zero net carbon emissions from City of Adelaide operations by 2020. According to the latest figures released, the City of Adelaide decreased corporate emissions by 10% between 2015-16 and 2016-17.<sup>126</sup>

The *Carbon Neutral Adelaide Action Plan 2016–2021* outlines five pathways that we will take to build on our achievements and rapidly reduce Adelaide's carbon emissions. These include energy efficient built form, toward 100% renewable energy, zero emissions transport, reduce emissions from waste, and offset the remaining carbon emissions.

### Natural landscapes

Covering some 760 hectares, the Adelaide Park Lands account for approximately 50% of the City of Adelaide local government area.

The city has a unique surface area profile with 47% of its land area given over to hard surfaces, 22% to tree or shrub cover, and 32% to grassed areas or bare ground. In the CBD and North Adelaide, the amount of green space and tree cover is much lower with average tree canopy cover of around 12% of total public space.

Alongside their 'cooling' effect, the Park Lands are significant in other ways. Some of the best examples of native vegetation left on the Adelaide Plains are found in a small number of patches of remnant native vegetation in the Park Lands. The Adelaide Park Lands, along with the city layout is also on the National Heritage List. It is recognised as a masterwork of urban design and signifies a turning point in the settlement of Australia where Adelaide was the first city to be planned and developed as a place for free settlers.<sup>127</sup>

Increasing the proportion of tree canopy cover, increasing diversity within the "urban forest", and improving vegetation health will assist the city to adapt to climate change. It also improves the amenity of the city, reduces air pollution, energy consumption and GHG emissions, and enhances biodiversity. This has positive impacts on the overall appeal of the city as a place to live, work and visit, which is good for promoting social, cultural and economic growth. A target for planting 1,000 trees in the built-up areas of the city features in the *City of Adelaide 2016-2020 Strategic Plan*.

In relation to economic growth, greening the city can reduce hard infrastructure construction, maintenance and renewal costs, reduce energy consumption and costs, and increase property values.

<sup>126</sup> City of Adelaide Corporate GHG Emissions Inventory 2018

<sup>127</sup> Department of the Energy and Environment, 'National Heritage Places – Adelaide Park Lands and City Layout', accessed 26/7/2018, <http://www.environment.gov.au/heritage/places/national/adelaide-parklands>.

## Urban heat island effect

The urban heat island effect is associated with the amount of hard, heat absorbent surfaces typical of cities. As climate change and global temperatures rise, we can expect an exacerbation of the urban heat island effect as the average number of days over 35°C increases. The comfort and liveability of the city may be compromised by climate change in a number of ways, including increased risk to people during extreme weather events. Temperatures can be as much as 8°C hotter in the built-up areas of the city than the surrounding Park Lands.

Climate change and the urban heat island effect impacts on the physical dimension of city growth through:

- the design of residential and commercial buildings;
- urban design features that 'cool' the city; and
- civic infrastructure and places in the city where people can seek shelter from extreme weather.

In relation to the economic dimension of city growth, excessive heat translates to lower economic activity and productivity related to fewer patrons (lost revenue), increased operating costs and decreased staff reliability and comfort. For example, the City of Melbourne estimates that businesses in their city experienced a \$37 million decline in revenue during a four-day heatwave in January 2014.<sup>128</sup> Heat islands can increase the demand for summertime cooling and raise energy expenditures.

Climate change may also lead to increasing demand for cleantech<sup>129</sup> goods and services; demand that could contribute to shaping economic growth in the city more in the direction of sustainable growth.

Green roofs and walls and additional plantings at ground level all serve to 'cool' the city. Greening the city also improves amenity, shade cover and the sustainability of a more populous city and is one way of improving the attractiveness and comfort of walking and cycling infrastructure.

*The Green City Grant Program is a matched grant funding program launched by the Council in 2016 to support the creation pockets of greenery throughout the city. It aimed to contribute to the City of Adelaide 2016-2020 objective of increasing greenery in built-up areas of the city.*

<sup>128</sup> See City of Melbourne <http://www.melbourne.vic.gov.au/Sustainability/AdaptingClimateChange/Pages/Heatwaves.aspx> and [http://www.melbourne.vic.gov.au/Sustainability/AdaptingClimateChange/Documents/Economic\\_Impacts\\_Heat\\_Wave\\_Businesses\\_2014.PDF](http://www.melbourne.vic.gov.au/Sustainability/AdaptingClimateChange/Documents/Economic_Impacts_Heat_Wave_Businesses_2014.PDF)

<sup>129</sup> "Cleantech" refers to technologies, products, services and processes that harness renewal materials and energy sources, dramatically reduce the use of natural resources and cut or eliminate emissions and wastes. <http://www.auscleantech.com.au/>





# Chapter 5 – Cultural dimension

## Chapter 5 – Cultural dimension

The cultural dimension of city growth is concerned with how the city operates, is perceived and meets the cultural needs and expectations of users. The cultural dimension of growth refers to both cultural diversity and the cultural expression of who we are.

Culture is a driver for a new stage of development of cities based on quality of life, conviviality, and creativity as elements that distinguish one city from another.<sup>130</sup>

According to the National Governors Association in the US, arts, culture and design assist growth through:<sup>131</sup>

- Providing a fast-growth, dynamic industry cluster;
- Helping mature industries become more competitive;
- Providing the critical ingredients for innovative places;
- Catalysing community revitalisations; and
- Delivering a better prepared workforce.

### Summary

The cosmopolitan mix of activities, attractions, institutions and many services not found in the suburban environment ensures that a diverse range of people will be in the city at any one time. This creates vibrancy and helps determine the culture of the city.

Major infrastructure developments, part of the physical growth of the city, are supporting events and activities and use of the city by a wide range of people.

The culturally diverse make-up of the city's resident population has implications for everything from features of the public realm to the city retail offer and prospects for investment: connecting cultural growth to the city's physical and economic growth.

Creativity and culture is being used as a competitive advantage to attract people to live, work, study and visit cities in an environment where people are looking for more personalisation and choice in the services they consume. Creativity is also a driver for economic growth with businesses centred on creative technical capacity in gaming, design and visual effects increasingly present in the city.

<sup>130</sup> Van der Borg, J & Russo, AP, nd, 'The impacts of culture on economic development of Cities', European Institute for Comparative Urban Research – Erasmus University of Rotterdam, accessed 25/7/2018, <https://www.wien.gv.at/meu/fdb/pdf/intern-vergleichsstudie-ci-959-ma27.pdf>

<sup>131</sup> National Governors Association, 2012, 'New engines of growth: five roles for arts, culture and design', accessed 25/7/2018, <http://economicdevelopment.org/2014/08/the-arts-and-culture-as-economic-drivers-ideas-and-us-best-practices/>

## Cultural landscape

### Cultural diversity in the city

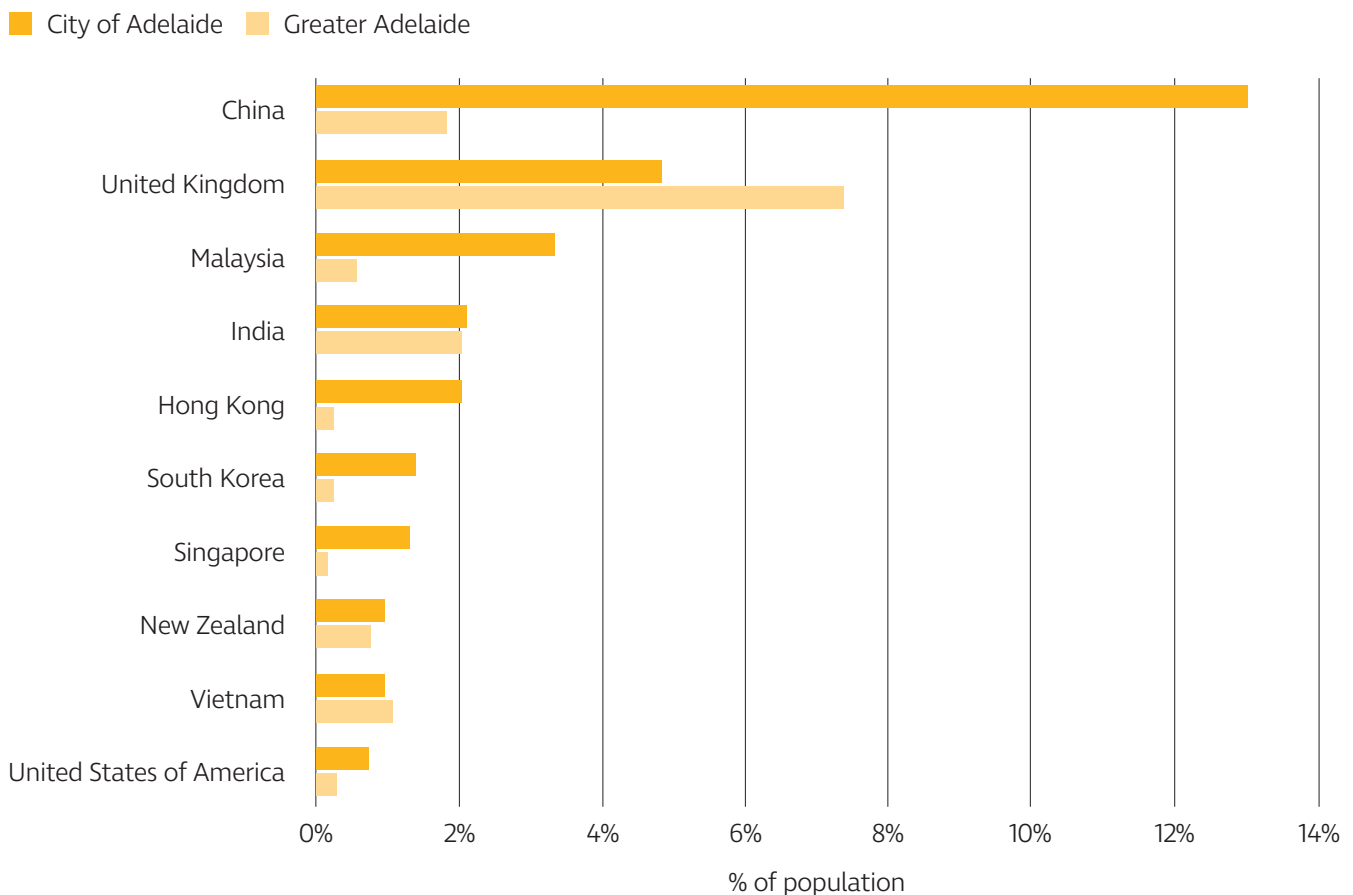
The City of Adelaide has a very diverse resident population. This is reflected in the cultural life of the city with many celebrations of cultural diversity taking place in the city each year.

In 2016, 37% of city residents came from countries where English was not their first language while 44% were born overseas. In comparison, only 15% of residents in the Greater Adelaide area came from non-English speaking backgrounds and 25% were born overseas.

The largest non-English speaking country of birth for city residents was China, which accounted for 13% of the total resident population compared to 1.8% for Greater Adelaide. Figure 20 compares the major birthplaces of residents in the city with Greater Adelaide.

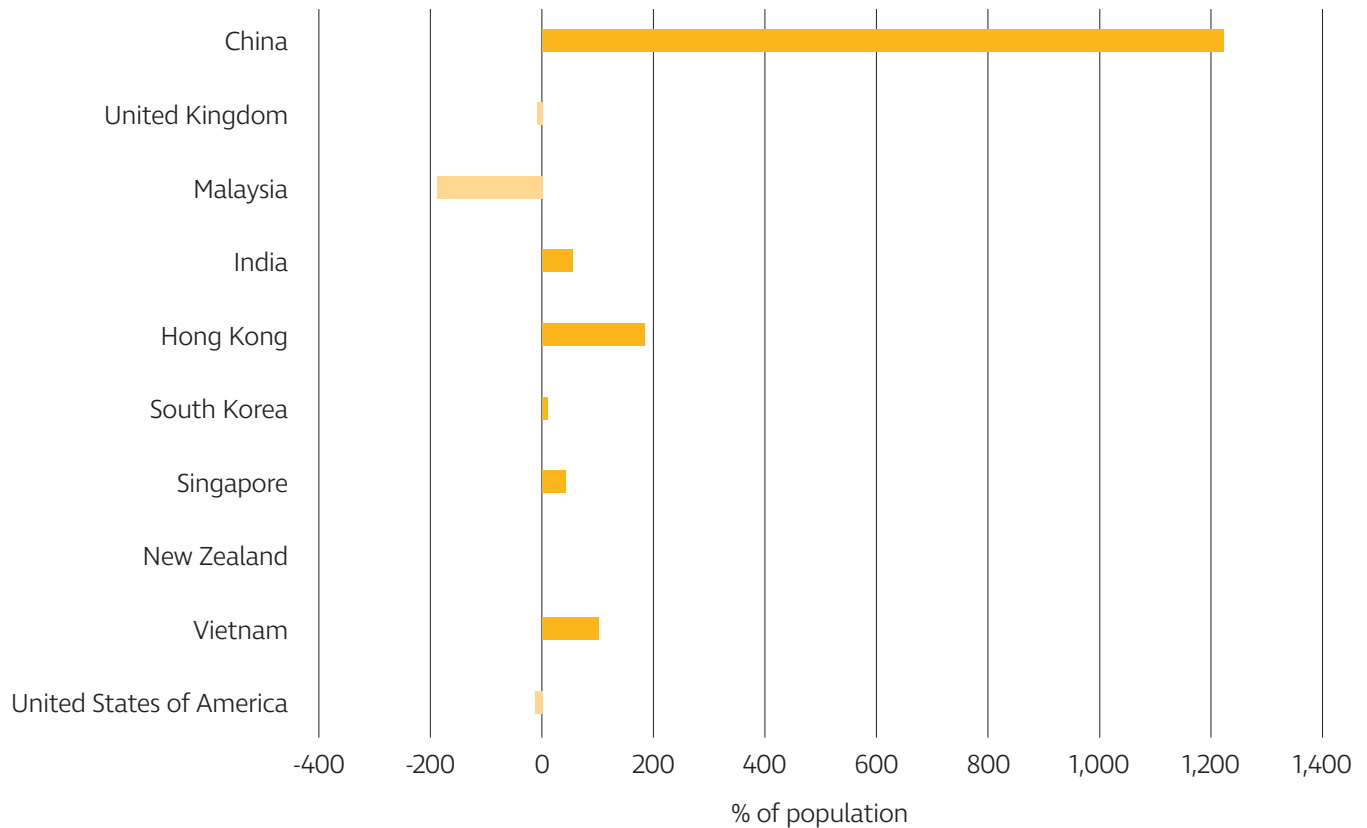
International education has been the driver of this change with a very large increase of people from China in the period 2011-2016, reflecting the increasing participation by Chinese students in education in Adelaide.

Figure 22. Birthplace comparison - 2016



Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data).  
Compiled and presented in profile.id by.id, the population experts.

Figure 23. Birthplace change – 2011 to 2016



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 and 2016 (Usual residence data).  
Compiled and presented in profile.id by.id, the population experts.

Cultural growth affects economic growth in several ways including:

- through the establishment of retail premises that cater for the needs and demands of culturally diverse populations;
- by paving the way for the greater take-up by international students of the education offer of Adelaide, through word-of-mouth;
- by creating a connection to Adelaide which may lead to investment in the future; and
- having a population with skills in languages other than English and cultural knowledge is central to creating connections in some export markets and building international trading relationships.

Cultural diversity affects social growth and the provision of social and community infrastructure in that it has implications for the types of social services, community activities and events that are preferred and delivered in the city. As an example, more than a quarter of South Australians aged 65-plus were born in a non-English speaking country. The needs and preferences of culturally and linguistically diverse populations as they age have significant implications for the design and delivery of culturally appropriate services.

## Cultural offerings

The city's cultural offer is diverse. As the capital city, Adelaide hosts the major cultural institutions – State Library, Art Gallery, Museum – and other key cultural destinations such as the Festival Centre, Casino and Convention Centre. This general cultural infrastructure influences and is influenced by the range of events and attractions on offer in the city throughout the year.

The city's cultural offer is closely linked to the physical element of city growth through quality infrastructure that supports events, activities and the city retail experience. In particular:

- the ongoing transformation of the Riverbank Precinct through extensions to the Adelaide Convention Centre and the Adelaide Festival Plaza redevelopment are providing new and enhanced city experiences;
- the potential for the redevelopment of the old Royal Adelaide Hospital (oRAH) to include new cultural facilities and experiences. The State Government's ambitions include for the site to house an International Centre for Tourism, Hospitality and Food Services, a National Gallery for Aboriginal Art and Culture, and an Adelaide Contemporary Art Gallery;<sup>132</sup>
- the recent extension of the tram line east along North Terrace and North along King William Road, creating stronger movement connections between key cultural facilities; and
- a substantial redevelopment and expansion of Her Majesty's Theatre to be completed in late 2019. The redevelopment will see seating capacity expanded from 970 to 1,500 seats allowing more musicals and other shows to be staged in Adelaide.

The enhancement of public places supports the social and economic elements of city growth as increasing city amenity fosters demand to live, establish businesses, work in and visit the city. Development on the oRAH site is expected to boost tourism and employment opportunities and the level of activity in the east end of the CBD.

## Park Lands

The Adelaide Park Lands provide a rich diversity of spaces that support events, sports and informal recreation, contributing to the cultural activity and life of the city.

The Park Lands are used over 10 million times a year for a diverse range of activities from walking, running, playing and escaping, to the playing of competitive sport and holding of events. They are made up of a diverse range of landscapes from natural areas of native grassland, to irrigated Parks (e.g. Elder Park and Rymill Park / Murlawirrapurka (Park 14), ornamental gardens (Veale Park / Walyu Yarta (Park 21) and the Himeji garden) and community sport and recreation areas (ovals, pitches and courts).<sup>133</sup>

The *Adelaide Park Lands Management Strategy 2015–2025* articulates a landscape spatial planning approach, which defines the desired future landscape characters for different areas of the Park Lands. The image below is the 'landscapes map' from the *Adelaide Park Lands Management Strategy 2015–2025*. Dark green is woodland, light green is formal park, orange is sports and recreational areas, grey is riparian, blue is urban address, purple is cultural, living collections precinct.

<sup>132</sup> Liberal Party policy platform, 2018 <https://strongplan.com.au/policy/vision-orah-site/>

<sup>133</sup> Adelaide Park Lands Management Strategy 2015-2025, page 5 [https://www.adelaideparklands.com.au/assets/STRATEGY\\_Park\\_Lands\\_Management\\_Strategy.pdf](https://www.adelaideparklands.com.au/assets/STRATEGY_Park_Lands_Management_Strategy.pdf)



Figure 24. Landscape map of Adelaide Park Lands



## Public art

Public art is a feature of the City of Adelaide landscape adding interest to the urban form. Public art works around the city include sculptures, murals, soundscapes and moving images that contribute to the cultural vitality of the city. In the past few years 100 new public art commissions, installations and acquisitions were undertaken; the City of Adelaide exceeded the target of 1.3% of the capital works budget to be expended on public art.

Council's regular *City User Profile Survey* shows that a high proportion of city visitors<sup>134</sup> visit the Park Lands at least once per year. The proportion increased from 43% in 2007 to 61% in 2013, dropped to 54% in 2015, reached a low of 34% in 2017, and returned to 63% in 2018.<sup>135</sup> This is indicative of the broad appeal of the Park Lands as part of the city's cultural landscape.

The stories collected from city users as part of *Picture Adelaide 2040*, tell us about the value of the Park Lands to those who use them. The stories highlighted the simple beauty of the Park Lands as tranquil places to escape and relax, and as places for trees and birdlife to flourish. The Park Lands are highly valued as places for gatherings of family and friends, for quiet contemplation, and for other informal recreation uses such as exercising and bike riding. The opportunity for each of these activities enhances the cultural landscape of the city and its offer to potential residents, business owners and other city users.

## Drivers of growth

### Leisure and entertainment visitation

The number of people visiting the city for leisure and entertainment is an important component of city growth, as much of the expenditure on those activities contributes directly to the city.

The proportion of city users stating that they *never* visit the city for leisure or recreation is now 4.8%, the lowest ever recorded.<sup>136</sup> This is indicative of the increasing attractiveness of the city for entertainment and the range of entertainment options on offer.

Continuing to maintain and expand a broad range of events in the city – from the major events, to smaller community events and facilities will assist the cultural dimension of city growth. Matching the events and activities offer to the age profile of city residents and users may ensure greater growth. The introduction of multi-year event licences for many events held in the Park Lands will provide more certainty for event organisers and promoters.<sup>137</sup>

The leisure and entertainment aspect of cultural growth intersects with the physical dimension of city growth in relation to noise and residential development. While there are currently both design and incentive measures to manage this relationship, there is potential for conflict to impact cultural growth.

<sup>134</sup> In the CUP Surveys, City visitors are those people who are not residents, workers or students in the City.

<sup>135</sup> City of Adelaide, City User Profile survey 2018, unpublished data.

<sup>136</sup> City of Adelaide, City User Profile survey 2018, unpublished data.

<sup>137</sup> Multi-year event licences were approved by the City of Adelaide in 2017. Periods range from two to five years.

## Festivals growth

Adelaide has long been recognised as one of the world's great festival cities and home to many globally significant art and cultural collections and events. As highlighted in Chapter Three, the economic impact of these events is significant. In 2018, Adelaide Festival contributed \$21 million to the State's economy and generated over 138,000 visitor nights from 20,000 interstate and overseas visitors.<sup>138</sup> Much of this benefit may flow to the city as the hub of these events. One of the ten festivals, WOMADelaide attracts more than 86,000 people with around 45% of them coming from outside South Australia.<sup>139</sup>

Live Performance Australia's (LPA's) 2016 Ticket Attendance and Revenue Survey findings revealed South Australia contributed the country's largest share of revenue (44%) and attendance (50%) for multi-category festivals, which includes events such as Adelaide Fringe, Adelaide Festival and WOMADelaide'.<sup>140</sup> Adelaide Fringe's ticket sales alone made up 39% of all tickets sold to multi-category festivals across the country.

The timing of events, in terms of spreading them across the course of the year remains a challenge for keeping the events momentum high in the city outside of the peak summer season. Umbrella Winter City Sounds, now in its third year, which in 2017 hosted a program of over 300 events in more than 100 venues and locations throughout Adelaide<sup>141</sup>, occurs in mid-winter with the Adelaide Cabaret Festival taking place in June and the Adelaide Guitar Festival in August.<sup>142</sup>

In December 2015 Adelaide was designated as the first UNESCO City of Music in Australia joining Melbourne (City of Literature) and Sydney (City of Film) and more than 100 other cities world-wide as part of the UNESCO Creative Cities Network. A Live Music Action Plan is now guiding City of Adelaide activity in this space.

<sup>138</sup> Adelaide Festival, 2018, 'Adelaide Festival generates \$76.1 million for the State', <https://www.adelaidefestival.com.au/news/economic-impact-2018>, accessed 24/5/2018,

<sup>139</sup> From <https://www.adelaidefestivalcentre.com.au/about-us/adelaide-unesco-city-of-music/>

<sup>140</sup> Reported in Festivals Adelaide Media Release October 12, 2017 <http://www.festivalsadelaide.com.au/adelaide-fringe-is-the-biggest-ticket-selling-festival-in-australia/>.

<sup>141</sup> From <http://umbrellaadelaide.com.au/umbrella-winter-city-sounds-returning-2018/>

<sup>142</sup> The Adelaide Guitar festival is a biennial event.

## References

- AustralAsia Economics, (May 2013), *The size, structure and growth of the City of Adelaide's economy: 2011 Census update*
- Australian Government (2011), Productivity Commission Inquiry Report, *Disability Care and Support* (No.54, July 2011)  
<http://www.pc.gov.au/inquiries/completed/disability-support/report/disability-support-overview-booklet.pdf>
- Australian Human Rights Commission (2005), *National Inquiry into Employment and Disability Issues Paper 1: Employment and Disability – The Statistics*  
<https://www.humanrights.gov.au/publications/national-inquiry-employment-and-disability-issues-paper-1>
- Australian Workforce and Productivity Agency (2012), *Australia's skills and workforce development needs* (Discussion paper, July 2012),  
<http://www.awpa.gov.au/publications/documents/Future-Focus-Australias-skills-and-workforce-development-needs-Discussion-Paper.pdf>
- Burton, P, Lyons, K, Richards, C, Amati, M, Rose, N, Des Fours, L, Pires, V & Barclay, R (2013), *Urban food security, urban resilience and climate change*, National Climate Change Adaptation Research Facility, Gold Coast  
[http://www.nccarf.edu.au/sites/default/files/attached\\_files\\_publications/Burton\\_2013\\_Urban\\_food\\_security.pdf](http://www.nccarf.edu.au/sites/default/files/attached_files_publications/Burton_2013_Urban_food_security.pdf)
- City of Adelaide (2014), *A Spatial Vision for the Future of the City*,  
[http://www.adelaidecitycouncil.com/assets/413242\\_Spatial\\_Vision\\_Brochure\\_V3\\_WEB1.pdf](http://www.adelaidecitycouncil.com/assets/413242_Spatial_Vision_Brochure_V3_WEB1.pdf)
- City of Adelaide (2014), *Park Lands Visitor Research Study Final report*
- Commonwealth of Australia (2017), *Towards 2025 - an Australian Government strategy to boost women's workforce participation*,  
<http://womensworkforceparticipation.pmc.gov.au/sites/default/files/towards-2025-strategy.pdf>
- Hudson Howells (2017), *Adelaide City Living Market Research: Volume 1 – Adelaide Metropolitan Market*,  
<https://www.cityofadelaide.com.au/city-living/welcome-to-adelaide/city-facts-and-figures/>
- Hugo, G (2013) *The Economic Contribution of Humanitarian Settlers in Australia*,  
[http://www.kaldorcentre.unsw.edu.au/sites/kaldorcentre.unsw.edu.au/files/the\\_economic\\_contribution\\_of\\_humanitarian\\_settlers\\_in\\_australia.pdf](http://www.kaldorcentre.unsw.edu.au/sites/kaldorcentre.unsw.edu.au/files/the_economic_contribution_of_humanitarian_settlers_in_australia.pdf)
- Liberal SA (2018), 'Funding announced for 20,000 new apprenticeships and traineeships', *Media Release 7/6/2018*,  
[https://www.saliberal.org.au/funding\\_announced\\_for\\_20\\_000\\_new\\_apprenticeships\\_and\\_traineeships](https://www.saliberal.org.au/funding_announced_for_20_000_new_apprenticeships_and_traineeships)
- NSW EPA, 2018, *Response to the enforcement of the China National Sword Policy*,  
<https://www.epa.nsw.gov.au/your-environment/recycling-and-reuse/response-to-china-national-sword>
- Tourism Research Services (2015), *Economic Value of Heritage Tourism – Adelaide 2015*









---

CITY OF  
ADELAIDE

25 Pirie Street, Adelaide  
Ph 8203 7203  
[cityofadelaide.com.au](http://cityofadelaide.com.au)