



OFFICE OF THE LORD MAYOR

Mr James Piko
Director Urban Policy
Cities and Suburbs Unit
Department of Infrastructure, Transport, Regional Development,
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GPO Box 594
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Dear Mr Piko

Firstly, I congratulate the Commonwealth for developing and consulting on the draft National Urban Policy that reflects and integrates the national priority areas of housing, productivity, social cohesion, disaster resilience and climate action.

I was grateful to meet the team in Adelaide and thank you for that opportunity.

The main issues that impact our capital cities span these priorities, but of particular concern are the interlinked skills shortage, the housing crisis, and office and retail tenancy vacancies; with the latter two currently in Adelaide being 20% and matching our working from home rate.

In my view, these interlinked issues are amenable to Commonwealth intervention at little cost.

The housing shortage is currently being tackled in Adelaide by actively supporting new builds of social and affordable dwelling units but there is untapped low scale and medium scale empty commercial accommodation which can be converted to residential, particularly the several hundred unutilised shop top spaces. Currently, there are ways to use performance-based certification to enable heritage utilisation but there is no mechanism to encourage low scale conversions. These are impeded by building rules which prevent property owners investing to provide diverse and relatively fast inner city housing options. This is an issue also affecting hospitality and retail staffing because only remote accommodation is affordable for working people.

In Adelaide, the high office vacancy rate and the preponderance of old building stock, much of which has become “stranded” could be reduced by a relatively simple change in the operating guidelines for office accommodation of Commonwealth staff. Such a change would have a profound impact on the path to net zero.

Currently the office vacancy situation is exacerbated by the apparent Commonwealth mandate to require tenancy in 6-star rated new builds. This is unfortunate because with the imminent requirement to account for energy consumption through the *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*, as proposed by the Australian Accounting Standards Board, stranded assets and the tendency towards incentivising demolition will result in the loss of large amounts of embodied carbon. This constitutes Scope 3 emissions under the standard and would be an unintended consequence of the Commonwealth’s accommodation and letting practices.

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This issue has been a topic of discussion among my colleagues who are members of the Council of Capital City Lord Mayors, and they share my concerns and views about a way forward. I will be informing them of my feedback to you at our meeting in Darwin on Friday, 19 July 2024.

Thank you again for holding your consultation meeting in Adelaide and let me know if we can be of any further assistance as the paper progresses.

Yours sincerely



Dr Jane Lomax-Smith
LORD MAYOR

17 July 2024