



South Australian Economic Statement



Smart. Sustainable. Inclusive.

An economy fit for the future, improving
the wellbeing of all South Australians.

Acknowledgement of Country

We acknowledge and respect Aboriginal peoples as the state's first peoples and nations, and recognise them as traditional owners and occupants of land and waters in South Australia. Further, we acknowledge that the spiritual, social, cultural and economic practices of Aboriginal peoples come from their traditional lands and waters, that they maintain their cultural and heritage beliefs, languages and laws which are of ongoing importance, and that they have made and continue to make a unique and irreplaceable contribution to the state.

We acknowledge that Aboriginal peoples have endured past injustice and dispossession of their traditional lands and waters.

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Foreword

South Australians elected the Malinauskas Government to govern for the benefit of future generations.

The choices we make today will define our individual and collective prosperity into the future. My government is committed to working with all South Australians, and our economic partners, to evolve our approach to economic development. This statement, and the formation of the Economic Development Board, is an important step in that journey.

Our purpose is clear: we promised to govern for the future, not just for the next four years. We must position South Australia to thrive in a turbulent global environment—with decarbonisation, geopolitical uncertainty, new technologies and disrupted supply chains all set to have lasting impacts on how and what we produce. We cannot rest on our laurels or on past deeds, but must instead turn our focus to forging a new role in the global economy.

We will know we have succeeded when we export more of our knowledge and services, while adding greater value to what we dig up and grow out of the ground. When our industries are sustainable and powered by renewable energy, ensuring their competitiveness across the world. When more South Australians are in meaningful and skilled work, and are paid fairly for their contribution.

When all South Australians feel the benefits of our strong economy, we'll know we got it right.



Peter Malinauskas MP

Premier of South Australia

A statement of intent

This statement sets a high ambition for the South Australian economy.

We want to encourage growth that links global opportunities to our strengths as a state, while ensuring we all benefit from prosperity.

We also want to start a new conversation about our economy. One where we are confident about our people, our businesses, and our place in the world. One where we care as much about the state our children and their children will inherit, as the headline statistics of today.

We recognise that this statement comes at a time of immense uncertainty for businesses and households. But our immediate challenges must not stop us thinking about—and planning for—the future. A focus on resilience in the near term will provide benefits in the long term.

Our vision

Our vision is for an economy that is *fit for the future*, improving the wellbeing of all South Australians.

An economy that is *smart, sustainable and inclusive*.



A smart economy

South Australia's continued economic prosperity relies on us finding new and better ways of doing things, as well as new things to do. Our capacity to adapt and build new skills makes us more resilient in an ever-changing world.

South Australia's industry strengths and natural resources can continue to frame our role in the global economy. What we produce is in demand, but we need to move up the value chain to improve our standard of living. Our ambition is to see *South Australian industry expand capabilities into higher-value goods and services*, especially where we already have expertise.

We want *South Australia to be known as an ambitious and capable state that embraces technology and drives innovation* through targeted industry and research collaborations. New technologies not only improve our efficiency—they can help us develop entirely new products and services to take to the world. We must increase South Australian investment in research and development, but more importantly, ensure it drives innovation across all businesses and industries in our state.

Connectivity is at the heart of a smart economy. Strong links between our industry and research sectors, or between businesses and their customers, underpin our success. We will cultivate these connections to ensure South Australia can access the fundamentals—whether that be investment, inputs or ideas.

A smart economy requires a smart workforce. We will continue to invest in education at every level—from early childhood to vocational education and universities—to ensure our workforce can deliver.



"We want South Australia to be known as an ambitious and capable state that embraces technology and drives innovation."



A sustainable economy

Mitigating and adapting to climate change is no longer an option—it is a necessary principle that must underpin our economic choices. Our children’s future depends on a more sustainable economy.

A sustainable economy respects our natural resources and supports greater biodiversity, underpinning a better quality of life for all South Australians.

South Australia is already a leader in sustainability and decarbonisation. *Our pathway to net zero will require close partnership*, and we are committed to working with all sectors and households to lower or eliminate their greenhouse gas emissions and implement environmentally friendly principles.

We aspire to *exercise leadership beyond our borders*, exporting our knowledge to the world. Our renewable energy capacity and world-leading investment in hydrogen production also provide a new opportunity —*a green reindustrialisation of our economy*. Building on our industrial capability, we have the potential to manufacture and export premium products like green iron and green-processed critical minerals, underpinned by world-class carbon accounting and greater circularity of resources.

Our credentials also provide an opportunity to *attract businesses and investors looking to demonstrate their commitment to sustainability*. Beyond the cost advantages of South Australia, global competitiveness will increasingly require more sustainable approaches. Our ambition is for South Australia to be known worldwide as a destination for sustainable investment and businesses.





"Our credentials also provide an opportunity to attract businesses and investors looking to demonstrate their commitment to sustainability."





*"We must
provide the
foundations
for all to
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on our doorstep."*

An inclusive economy

An inclusive economy puts South Australians and their wellbeing front and centre. It recognises that inequality constrains economic growth, and that social inclusion and economic success go hand in hand. The prosperity of communities across the state will underpin our economic vision.

Our ambition is to *increase all South Australians' participation in our economy and society*, supporting communities and individuals to thrive. In addition to personal characteristics such as age and gender, place-based circumstances impact our ability to work, study and play—leading to the disparities in outcomes across regions and communities we see today. Reducing barriers to participation is at the core of our vision to build a more inclusive economy.

We aspire to deliver *better employment and earnings outcomes for South Australians*. Our unemployment rate remains above the national average, despite being at a record low, while our typical wages fall short and pay inequity persists across gender and other domains. Closing these gaps will require close collaboration between all levels of government, businesses and communities.

We must provide the foundations for all to benefit from the economic opportunities on our doorstep. All South Australians need the skills to work in jobs of the future—widening the talent pipeline for businesses and securing the livelihoods of individuals. We therefore recognise the importance of *governments and businesses investing in our people*.



We want our *economy to benefit from the diverse experiences and perspectives* of those who live in South Australia. Extensive research has shown how more inclusive and diverse workplaces outperform others, while migrants also make a significant contribution to our business community. Making the most of our global talent—and attracting more of it—will fuel our success on the world stage.

South Australians rightly expect *fair wages and conditions for a day's work*. They want pay equity between different groups of society and expect essential workers to earn enough to live dignified lives. We are committed to working productively with trade unions, industry groups and businesses to achieve our ambitions.

Learning from our past

Need for active choices

South Australia's economy has transformed significantly over recent decades. We have seized industrial opportunities and weathered many challenges. What we produce has evolved with global needs, changing conditions and new technologies.

Throughout our history, we have navigated these transitions with varying levels of success. As we stand on the cusp of yet another transition, it is helpful to reflect on lessons from the past.

Our natural endowment—of productive land, minerals and other resources—is the starting point. Indeed, much of our early success as a colony and state was driven by global demand for our wool, wheat and copper. It is still important to look to the intersection of our endowment and global demand. While South Australia's climate has always been an advantage, our sunny skies and windy plains today present different opportunities to years past. What the world needs from South Australia will continue to evolve. *We need to place ourselves at the centre of solving global problems.*

Of course, South Australia's strength and potential in renewable energy is not new. It exists because we saw the potential competitive advantage in the early days of renewable energy in Australia, and actively supported its development. This was despite what many saw as the risks of adopting a different path. *We need to continue to be ahead of transitions, rather than following the crowd.*

As a small state in a geographically remote country, we won't enter the history books as a late adopter.

Those history books are filled with examples of South Australia leading in creativity and social reform. Many of those social reforms have had important consequences for our state's economy as well as society. Creativity is a key driver of prosperity, an enabler of economic diversification, and a driver of social change. *We need to recognise the intersection of social, environmental and economic policy, and the link between prosperous communities and successful economies.* After all, at the heart of our economy is the South Australian people.

Our state's record also evidences a willingness for Government to be an active partner in economic development. Many of the legacies we still benefit from today are the result of policies and investments in years past. *We need to work collaboratively with industry—existing and emerging—to enable the next transformation of our economy.*

South Australia stands at an important threshold. We could take a path of least resistance and continue to face the same set of challenges in a decade's time.

We believe we can aim higher than that.

We can make active choices to ensure our economy is fit for the future.



South Australia's economic foundations

South Australia has an enviable combination of capabilities that we are renowned for. Our future economic trajectory will build upon these economic foundations.

Research and innovation capability

The state's universities and research institutions can provide the knowledge to transform our economy. We have world-class research capability and globally recognised innovation districts, and there are further opportunities to enhance collaboration across all sectors of our economy.

Industrial capability

South Australia's long and continued history of manufacturing places the state well to reindustrialise and meet the needs of local and global consumers. With existing and future investments, businesses can deepen their productive capabilities, improve efficiencies and compete globally.

Progressive and first-mover

South Australia has a long history of 'firsts'—from female suffrage and Indigenous land rights, to renewable energy, trade unions and recycling. We have passed laws to make South Australia the first State in Australia to deliver a First Nations Voice to Parliament. We're open to change and can see the benefit of doing things differently. Our ambitions will be underpinned by businesses and communities being open to change and progress, together with our government's willingness to take the lead.

Energy potential

South Australia has significant potential to increase its renewable energy generation. This is not only attractive to energy-intensive industrial businesses, but in the future could unlock increased water supplies through projects like the proposed Northern Water desalination plant—which itself can enable the hydrogen and minerals sectors to support a more sustainable economy.

Stable democracy and strong institutions

In times of global uncertainty, the stability of South Australia and the nation provides confidence as a location for investment and production. Our strong institutions further enhance our reliability.

Liveability

Our quality of life in South Australia is renowned across the world, and it's a lifestyle that's attracting more people to call our state home each year. We're no longer only the 'Festival State', the 'Defence State' or the 'Wine State'—we offer all this and more. Protecting and enhancing liveability can help to attract and retain our best and brightest.

Natural endowment

Our productive land and water are vital for the prosperity of our food, wine, tourism and agriculture sectors. Our diverse micro-climates enable South Australia to produce a wide range of food and fibre products to feed, house and clothe people in hundreds of countries around the world. South Australia is also endowed with significant natural resources that are increasing in demand; we have 69 per cent of Australia's economic demonstrated resources of copper, for example.

Global trends affecting our future

In an increasingly globalised and connected world, we must look beyond state borders to understand—and leverage—the influences on our economy. The World Economic Forum's *Global Risks Report 2023* shows the breadth and severity of the risks we face within ten years, while highlighting the need for our economy to be resilient in facing these challenges.



Geopolitical shifts

The stability of global supply chains, economies and international relationships have been disrupted by cascading crises. Power dynamics that have been in place for decades are changing, and the impacts on trade and diplomatic relationships remain uncertain. From COVID-19 to the war in Ukraine, increasing cybercrime and trade wars—geopolitical volatility is at an historical high.



Decarbonisation, sustainability and the circular economy

There remains an urgent need globally to reduce greenhouse gas emissions and limit resource use, with an aim to slow climate change and live within planetary boundaries. Significant investment, coordination and cooperation will be required across governments, businesses and finance providers to achieve this goal. Existing industries will need to adapt, and new ones will emerge, to service new economic, environmental and policy imperatives.



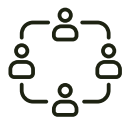
Climate change mitigation and adaptation

Climate change is undeniably impacting lives around the globe, and in South Australia we are not sheltered from the negative ramifications of a more volatile climate. Changes in weather patterns will increasingly impact the liveability of our state and the security of our industries. Extreme climate events in other parts of the country and the world will continue to affect the supply chains we rely upon. Effective mitigation and adaptation will require decisions about how our state lives, produces and plays.



Artificial intelligence, automation and technological innovation

Artificial intelligence platforms are entering mainstream use, and new technological innovations are transforming our industries. The rationale to adopt and develop these technologies is critical to adapt to a new environment. The human aspect must also be considered, as technology will affect different occupations in different ways.



Labour transitions

As parts of our economy transition, the demands of our workforce will change as well. The jobs of the future will be different to the jobs of today, and a significant task lies ahead to prepare the current and potential workforce for that change. At the same time, more people are seeking meaningful work that fits with their family obligations and lifestyle choices.



Societal shifts

We are witnessing a substantial change in our expectations of, and trust in, political and business leadership. Economic and social divides must be mitigated and managed to preserve social cohesion.

Our missions

It is critical that we identify and clearly articulate the most important strategic objectives for our state, and that we orient our collective activities towards achieving those objectives. We have identified three interrelated missions, which focus on the most significant opportunities for the South Australian economy.



Our missions are to:

Capitalise on the global green transition:

utilising South Australia's sustainability credentials and natural endowment to provide green energy, products and services to the world, contributing to both our smart and sustainable economy ambitions.

Be a partner of choice in an insecure world:

in an increasingly fragmented world, taking advantage of the relative security and stability of South Australia, as well as our industry strengths, to move our exports up the value chain to more complex products.

Build South Australia's talent: to assist our transition to a smart, sustainable and inclusive economy, enabling South Australia to make the most of economic opportunities arising from the above two missions, while ensuring all South Australians can participate and enjoy a higher standard of living.

Mission 1:

Capitalise on the global green transition

The opportunity

The world is on the path to a greener future. Over 90 per cent of the world's gross domestic product (GDP), and around 88 per cent of global emissions, are now covered by net zero commitments.¹ We are often reminded of the need to live within planetary boundaries—with more frequent natural disasters, depleted natural resources and biodiversity loss reported worldwide. Across the globe, significant change will be necessary to at least maintain, if not improve, natural capital for the enjoyment of future generations.

This change will require considerable efforts from organisations, governments and citizens worldwide. Global policy settings (including carbon border adjustment mechanisms, ESG reporting standards and the United States' *Inflation Reduction Act*) are driving rapid change in what and how goods are produced, as well as investor behaviour. South Australia is enviably placed to benefit from this transition—with a first-mover advantage, an abundance of natural resources, a favourable climate and a stable political environment. The global green transition is a transformational opportunity for South Australia and its economy.

Our early and continued investment in renewable energy generation—with over \$20 billion in the pipeline—is attractive to businesses of all sizes, particularly if we can translate that abundance into cheaper energy and carbon-certified goods.

The state's early adoption of circular economy principles can also provide a path to prosperity through greater efficiency and sustainability.

South Australia's advantage does not end at energy and resources, however; our next big export is knowledge and leadership. The growth of complementary services sectors can provide yet another dimension to our offer as a state, in addition to the research and innovation developed and disseminated through the state's universities.

The goal

Our aspiration is to foster a green transformation of the South Australian economy, capitalising on the intersection of global trends and local advantages, where the benefits are shared broadly across the state's regions and population. Greater economic complexity, productivity and sustainability are all objectives we can achieve through this transformation.

Without a clear direction and decisive action, South Australia risks being left behind. This mission goes beyond reducing emissions. The aim is to leverage the green transition to reorient the state's economy to future global demand. We can lead in green industries, as well as greening supply chains across sectors and moving up the value chain. Competitiveness in sustainability will provide South Australia a new advantage.

¹ *Net Zero Tracker*. Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero. 2023.

The levers of change

The South Australian Government has influence over several levers of change.

Leadership

Government can lead by example *to show the way forward for other organisations in our sustainable economy ambitions.*

The South Australian Government is a significant purchaser and employer in the economy. It can meaningfully shape outcomes through its procurement policies, with \$8.5 billion in goods and services purchased each year. Government can shape and even co-create markets through associating key outcomes with procurement—whether that be local content or sustainability metrics. We can also drive innovation through our procurement activities, leveraging government purchasing power to develop new products or methods of production.

More broadly, we can establish the state's strategic direction through our economic vision and associated policies like these missions. In addition, this ensures a co-ordinated and consistent approach across government agencies.

Regulation and policy

Government regulation is both a driver of this mission and a means to achieve it. Globally, regulations set at national and subnational levels are influencing—or will influence—what and how goods and services are being produced. This is in addition to ESG reporting standards being implemented across government and non-government sectors.

South Australia is already ahead of the curve in many aspects of regulation, such as through bans on single-use plastics. Such requirements mean that South Australian businesses can prepare for global trends towards cleaner, more sustainable production.

Industry development

Historically, government has played a significant role in South Australian industry development. As we embark on the next economic transition—one driven by sustainability and technology—*government will again step in with selective interventions and policies* to support industry development, productivity and competitiveness. The South Australian Government's role in industry development should be shaped by our desired direction of economic growth and development.

"The global green transition is a transformational opportunity for South Australia and its economy."

Reputation and verification

South Australia's advantage in the green transition is at least partially built on our *global reputation as a green leader*. The South Australian Government plays a role in sharing this narrative, through its communications, as well as in trade and investment activities.

This narrative must be supported by evidence. It is crucial we are viewed as a trusted, reliable partner by international investors, industry and the Australian Government, and that our sustainability credentials can be verified.

Finance and funding

The green transformation will require billions of dollars in investment across the economy. From early-stage technology research to large infrastructure projects to support the transition to renewables, funding is needed across all stages of the transition.

Governments, banks and other financial institutions will be key providers of green financing. Targeted green funding, such as green bonds and ESG-linked funds, are being used to drive investment into greener industries, but still require a near commercial return to attract funds. Such financing will likely be focused on delivering proven technologies, with a corresponding return on investment.

Governments have a large and critical role to play as a risk taker and partner in funding the infrastructure and other investments required to achieve our sustainability ambitions. Our state will need to contribute, in partnership with investors and the Australian Government, to fund the transformation.

Key initiatives underway

☞ We are establishing a world-leading regulatory framework through the *Hydrogen and Renewable Energy Act* to support the significant expansion of wind and solar energy generation capacity required to power South Australia's hydrogen industry. We are also constructing a *hydrogen power station, electrolyser and storage facility* within the Whyalla City Council.

☞ The *Green Industrial Transition Roadmap*, currently under development, will provide the blueprint for how significant investment in renewable energy projects will drive our industries to plan, build and operate in a low emissions environment.

☞ South Australia's *net zero pathways strategy* is currently under development, with detailed action plans to decarbonise different domains and sectors, and the potential to highlight economic opportunities.

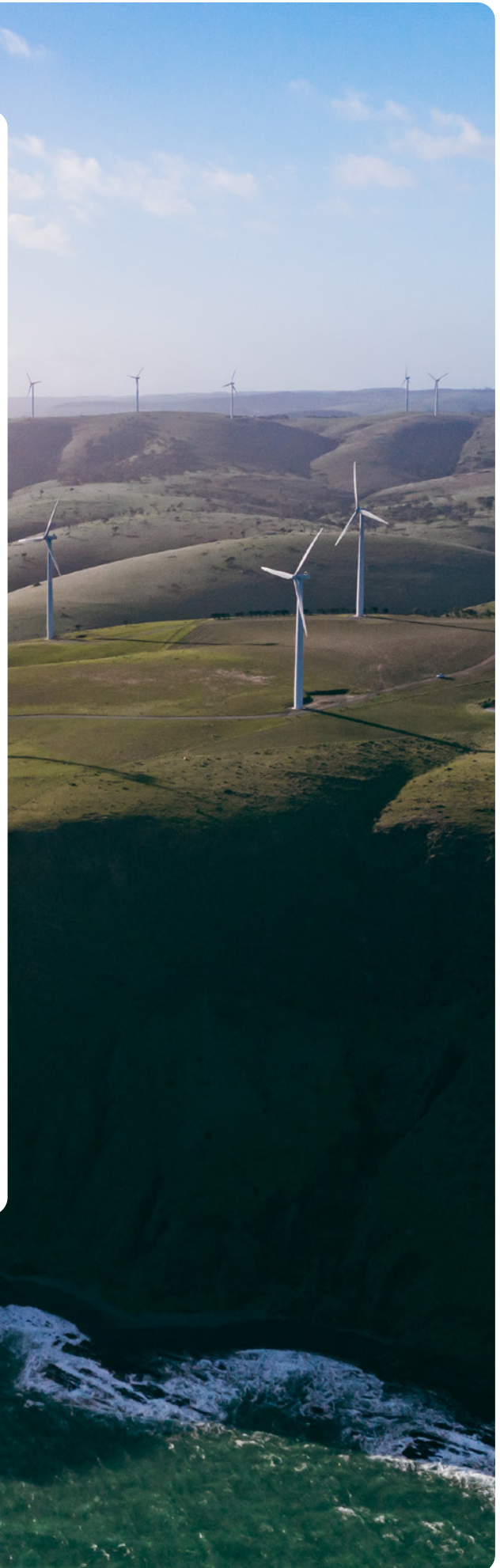


Image: Department for Energy and Mining

Mission 2:

Partner of choice in an insecure world

The opportunity

The nature and stability of global trade is undergoing a significant transition and relationships are being reset according to a different set of priorities.

The pursuit of increasing economic prosperity via globalisation has been complicated by societal and geopolitical instability; decisions relating to international trade and investment are moving beyond the simple economics of comparative costs and profit maximisation.

COVID-19, the Russian invasion of Ukraine and the ongoing impacts of climate change are a reminder of our vulnerabilities and our reliance on trade for many of our basic needs. The alarming rise of cybercrime has also brought foreign threats onto domestic soils and directly into our businesses, governments and homes. In addition to ensuring the reliability of imports, a renewed focus on sovereign capabilities and domestic supply is occurring in Australia and in other countries. The capability for governments and businesses to protect themselves from malicious cyber threats is an increasing priority.

As the Australian Government seeks to address these changing dynamics, it will need strong, ready partners to deliver on its ambitions to strengthen Australia's economy and security. Governments and organisations around the world are facing similar challenges, presenting a significant opportunity for South Australia.

The goal

Our objective is to position South Australia as a *stable and secure partner of choice* in an increasingly insecure world.

This will allow us to capitalise on our historic strengths in defence and manufacturing, while positioning South Australia for future opportunities and strengthening our access to investment and export markets. Businesses in our state can lift their ambitions beyond local or even national markets and service global needs. Our point of difference combines our climate and natural resources, stable political environment, reliable legal and financial systems, and a policy environment that fosters innovation.

The levers of change

As a state government, we might not be directly responsible for international diplomacy, defence or foreign affairs—but we can influence how South Australia is perceived globally. There are several levers of change which can contribute to our goal.

AUKUS

The trilateral security partnership between Australia, the United Kingdom and the United States (AUKUS) will present significant opportunities for South Australia. The Australian Government has committed to the construction of nuclear-powered submarines at Adelaide's Osborne naval shipyard, which will transform and expand South Australia's economic potential. The level of skills required,

as well as the associated technological development, will far exceed any major project in the state's history. The potential for flow-on benefits—whether that be through supply chain capabilities, spin-off technologies or others—is considerable. South Australia has already demonstrated its status as a partner of choice through this announcement, and the activity catalysed by the nuclear submarine build will ripple far throughout different sectors of South Australia's economy.

Beyond building nuclear-powered submarines, we have an opportunity to position South Australia as a lead technology partner for three of the eight AUKUS advanced capability streams – being quantum technologies, artificial intelligence and autonomy, and advanced cyber. Building our capabilities in these areas will further strengthen our position as a security partner of choice, attracting investment and establishing new export opportunities.

Defence, space and cybersecurity industries

Global defence spending reached an all-time high in 2021.² Continuing to position South Australia as a defence leader, beyond our role in AUKUS, can increase our export offering, attract new investment, and secure our ongoing role in Australia's defence capability. South Australia's thriving defence industry and broad base of capabilities means we can capitalise on increasing national and world expenditure.

"Our objective is to position South Australia as a stable and secure partner of choice in an increasingly insecure world."

South Australia's space industry has also flourished in recent years, with a space ecosystem of over 100 organisations calling South Australia home, as well as the Australian Space Agency based at Lot Fourteen. This critical mass of innovation, investment and institutions provide the right business environment to attract aligned organisations and their projects to South Australia.

The further development of a robust cybersecurity industry will ensure that South Australia represents a safe destination for investment and operations, and represents a further growth export opportunity. Positioning South Australia as a partner of choice means we must have a strong digital regulatory environment, and our own set of robust defences to protect critical infrastructure.

² World military expenditure passes \$2 trillion for first time. Stockholm International Peace Research Institute. 25 April 2022.

Sovereignty and supply chains

The events of recent years have led to supply side disruptions. The cost and availability of both inputs and finished goods have been challenged—highlighting the reliance on imports for basic resources.

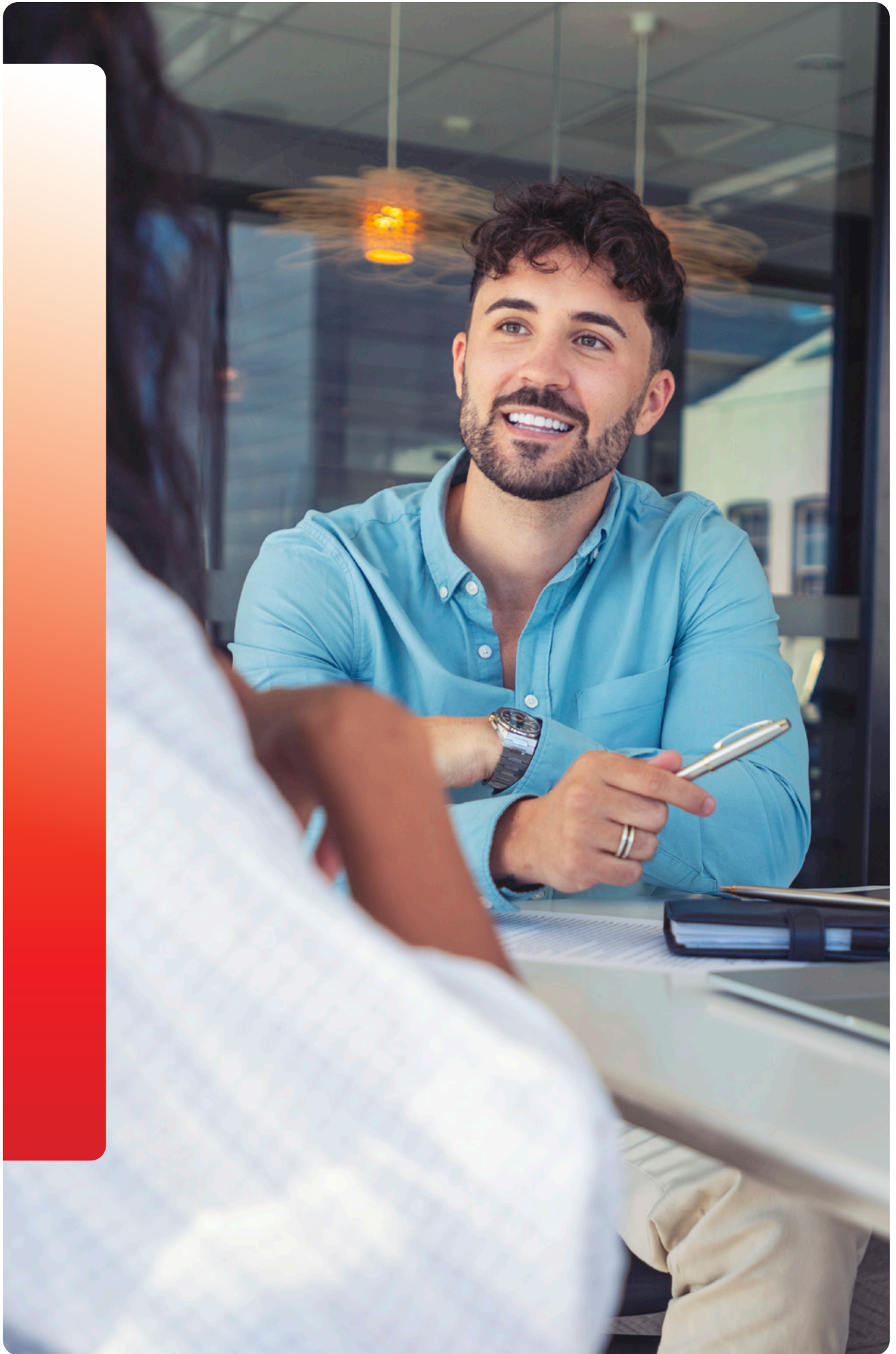
Climate change represents a further risk to supply chains, both from a production and transportation perspective.

South Australia already offers significant manufacturing capabilities, and we are working to further develop a secure and resilient manufacturing sector. We aim to move our production further along the value chain to more complex goods, supported by continued innovation and investment in technologies and skills. South Australia also enjoys a substantial endowment of critical minerals that will be in high demand for the world's net zero transition. Our abundance of renewable energy will, in the future, provide opportunities for certified low-carbon goods.

While we cannot control all, or even most, of the factors that influence global supply chains, we can work towards robust South Australian supply chains, and a secure local supply of critical goods and services. These factors will make South Australia, and our businesses, attractive as key partners in future economic activity.

Key initiatives underway

- ▶▶▶ The *Factory of the Future* is a world-class, reconfigurable advanced manufacturing test bed, training and industry growth facility. The facility will bring together advanced research and existing businesses to modernise and transform manufacturing in the state.
- ▶▶▶ Lot Fourteen's flagship *Entrepreneur and Innovation Centre* will include a dedicated Innovation Hub, bringing together industry, research and entrepreneurs. The Hub will be dedicated to fostering idea exchange and accelerating commercialisation and business growth.
- ▶▶▶ Together with the Australian Government, we are establishing a *Skills Academy and an additional 800 university places* over the next four years to prepare our workforce for AUKUS opportunities. The South Australian Government is also partnering with the University of South Australia to deliver software engineering degree apprenticeships, while historic agreements between Flinders University and the Universities of Manchester and Rhode Island will soon deliver a suite of the world's best nuclear education in South Australia.



Mission 3:

Build South Australia's talent

The challenge

The war for talent is occurring at a global, national and local level. In an environment of record-low unemployment, organisations are competing for a limited pool of suitable workers to meet shortages across industries and regions. Unfilled positions are constraining economic output, and a (relatively recent) increase in net interstate and international migration has not solved this issue. Limited talent availability may also impact the state's attractiveness as a destination for new businesses to invest and existing businesses to stay. Despite this environment, barriers to participation remain for many South Australians. Our potential workforce is underutilised—whether they're not employed, or employed in roles well below their capability or capacity.

That's today's challenge. Tomorrow's goes further—our future economy will require workers to have a different set of skills. The next economic transition—the combination of rapid global decarbonisation and the fourth industrial revolution—will see some roles become less critical while new roles emerge. The societal and human impact of this transition cannot be underestimated; nor can the significant task ahead to train (and re-train) for new industries and technologies. At the same time, we must ensure South Australia is an attractive place to do business, so that the organisations here provide meaningful employment opportunities.

In short, South Australia faces four key challenges in relation to its workforce, together forming one of the largest threats to achieving our ambition of a smart, sustainable and inclusive economy:

- A *spatial mismatch* between the location of available jobs and willing workers—whether that's in regional parts of South Australia, within Adelaide's suburbs, or the state as a whole.
- A *skills and education mismatch* between the skills that workers currently have, and the ones they require now and into the future.
- The existence of *barriers to participation and utilisation*, particularly for marginalised groups, leading to poorer employment outcomes.
- Persistent and outdated *perceptions of South Australia* that there are better opportunities elsewhere.

The goal

Our objective is to develop a dynamic workforce with future-ready skills, and to attract and retain organisations which provide meaningful work, leading to greater economic prosperity in South Australia.

Without appropriate policy settings to attract, retain, develop and utilise talent, our ability to transition to a future-fit economy is at risk. Employers are the key to building that talent, but talent is also essential to attract organisations to our state. We need to solve both sides of the equation to achieve our goal.

The levers of change

The South Australian Government has influence over several levers of change.

This isn't to say the South Australian Government is solely responsible for each area; rather, we can implement policies selectively to make small shifts, and work collaboratively with communities and organisations to realise their impact.

People

Our population—including current residents and future migrants—form the potential talent pool of the state. Building South Australia's talent means *enabling all residents to participate in the economy to their full potential, as well as attracting and retaining skilled workers.*

For locals, we must reduce the barriers to participation faced by many in marginalised groups, while ensuring all have the skills necessary for jobs today and in the future. This will mean a rethink of traditional careers, and investment in education from early childhood through to lifelong learning and retraining. It will also require dedicated strategies to improve the labour force participation and utilisation of all members of our community. A meaningful career, not just a job, should be an option open to all South Australians. Your postcode should not be a barrier to participation in highly-paid, future-focused industries, which require both a significant university and VET educated workforce.

We should wield influence where possible to make South Australia a career destination of choice for interstate and international migrants. This could include better integration of international students into South Australia's workforce, or creating easier pathways (from a customer experience perspective) for new migrants.

Organisations

Clearly, building South Australia's talent is to no effect without the organisations to utilise it. *We must grow, attract and retain organisations consistent with our economic vision.*

From the world's largest companies to start-ups with growth potential, each can play a role in South Australia. By providing meaningful job opportunities, these organisations can help on the talent side of the equation—attracting workers from overseas or interstate, retaining those who may otherwise have left, and developing skills in the workforce overall. At the same time, we can increase the state's productivity and global relevance.

Liveability

Liveability is often presented as one of Adelaide's key advantages, and is a core factor for many individuals and families when choosing where to live. There's always more we can do to *make South Australia the most attractive destination for talented workers.*

Our efforts should not be limited to Adelaide—South Australia’s regional destinations must also be liveable and attractive, particularly given the economic opportunities in the Upper Spencer Gulf and other regions across the state. Appropriate and affordable housing is a core aspect of this challenge.

As a Government, we must ensure that we are making appropriate investments and policy decisions to make South Australia a fulfilling and vibrant place to live—not just talking about it.

Culture

From the early 1990s until very recently, more people moved interstate from South Australia than relocated here. This reflects our culture, as much as the job opportunities available—the belief that to be successful, moving interstate or overseas is the only option. We must *shift perceptions of South Australia amongst those who live here today and those who might choose to in the future.*

We can seize on post-COVID lifestyle changes, with more people working remotely than ever before. It’s now more acceptable to work for interstate or international organisations from a South Australian home. But we shouldn’t only seek to be a lifestyle choice for digital nomads—we must build our own ecosystem of organisations and workers.

Our moment is now - with South Australia recently posting its second largest annual population growth on record, we can be more confident about our place in the world. Changing culture isn't easy, but we will continue to update perceptions of South Australia, here and beyond.

Key initiatives underway

- ▶▶▶ The *Royal Commission into Early Childhood Education and Care* will inquire into the opportunities to enable equitable and improved outcomes for South Australian children, and consider how out of school hours care can support the labour force participation of parents.
- ▶▶▶ The South Australian Government is building *five new technical colleges*—three in metropolitan Adelaide and two in regional South Australia—to provide students with more opportunities to gain skills for in-demand industries.
- ▶▶▶ The University of Adelaide and University of South Australia reached an historic agreement regarding the *amalgamation of both institutions* in December 2022, signing a Statement of Cooperation with the South Australian Government and Australian Government. The combined university would be called Adelaide University and is intended to be operational from January 2026.





Setting up for success

We recognise there are several fundamental areas which we need to get right to achieve our economic vision. These areas have been identified as those where government action can make a difference or set the tone.

Skilled workforce

Ensuring that South Australia's current and future workforce requirements can be met is critical for economic growth. A skilled and industry-aligned workforce will enable businesses to scale up and improve their competitiveness, and drive productivity growth at an industry and economy level. Achieving this objective will also deliver benefits for individual South Australians, who can attain higher-skilled, better-paid jobs in existing and emerging industries.

A better understanding of our state's workforce needs will enable us to deliver the right interventions to develop and deliver that workforce. Our education and training system must be aligned with current and emerging skills needs, and foster lifelong learning. Skilled migration and other workforce development initiatives can also play a role in delivering a workforce of the size and skill we need to increase South Australia's prosperity.

Population and migration

People are the backbone of our state, and growing our population strategically is crucial to support economic growth. South Australia has historically had low population growth, at around half the national rate—largely due to declining birth rates and an ageing population, lower levels of overseas migration relative to larger states and residents moving interstate.

South Australia needs targeted population growth to build the depth of skills necessary to meet current and future workforce needs, as well as attracting entrepreneurs and job creators to help transform South Australia's economy. Public and private capital follow where people choose to live, and to remain globally relevant and competitive, South Australia must be known as a destination of choice.

Education and training

Our education and training system spans early childhood education and care, through to schooling, tertiary or vocational education, and lifelong learning programs. Education is a key driver of a fairer and more inclusive economy.

Success will mean that individuals have the right foundational and industry-relevant skills and qualifications to participate in our current and future workforce, and businesses can access more of the talent they need to grow and thrive.

Liveable and connected regions

South Australia's regions play a crucial role in our economy. To realise our vision, the state's regions must attract and retain residents now and into the future. This means they need to be liveable and connected with the rest of the world, and have the right infrastructure and services to meet this objective. We want our regions to continue to contribute to our prosperity, and for regional communities to have the ability to participate in forthcoming economic opportunities.

Effective land use and housing systems

We cannot achieve our ambitions without an integrated approach to utilising one of our most critical assets—land. Thoughtful and well-planned development (and re-development) of land is essential to the future of our economy. Our planning system, which was recently reformed and is nation-leading, must continue to serve the needs of communities and businesses today and into the future. This means balancing competing uses, ensuring adequate service and infrastructure provision, and a focus on sustainability. More broadly, a well-functioning housing system that provides access to appropriate, affordable and secure housing can enable better economic and social outcomes.

Physical and digital infrastructure

The quality of South Australia's infrastructure is critical to its economic performance and social capital. This includes physical and digital infrastructure—the tangible assets and structures that enable the services necessary to sustain or enhance the economy and liveability of South Australia. Undertaking proper planning, prioritisation and delivery of this infrastructure, while taking into account different scenarios and potential futures, will enable us to achieve our vision.

Healthy ecosystems

Healthy ecosystems and greater biodiversity are a foundation of a strong economy. They are essential to South Australia's quality of life and economic prosperity. Our social and cultural identity are underpinned by our healthy native ecosystems and diverse natural landscapes.

The maintenance and restoration of South Australia's ecosystems can ensure that the economy continues to benefit from nature. South Australian native ecosystems are under increasing pressure from a range of threats, including invasive species, land use change and climate change.

Our ambition is to increase our capacity and capability across the state to support the recovery and adaptation of healthy and biodiverse ecosystems.

Energy and water

Reliable access to affordable and sustainable water and energy is essential to all economic activity and the wellbeing of all South Australians. South Australia's abundant renewable energy potential, and subsequent desalination opportunities, have the potential to transform our economy, improving the international competitiveness of existing industries, as well as creating the foundation for new ones.

Our objective is to secure South Australia's energy and water supply in a way that is both environmentally sustainable and cost competitive. The critical water and energy needs of all South Australians should be delivered right across the state, enabling economic activity and prosperity.

Research, technology and innovation

Research and innovation activities, alongside the adoption of existing and emerging technologies, are key drivers of productivity growth and will be crucial for South Australian businesses to compete on the world stage.

To improve our performance and position South Australia to benefit from research, technology and innovation, we must capitalise on our research strengths, major investments and assets alongside building a strong skills and business capability pipeline. We must also boost collaboration between industry and researchers, and support innovation and entrepreneurship networks, to translate knowledge into innovation and higher productivity.

Manufacturing capability

South Australia's manufacturing industry may have faced challenges in recent decades, but will become increasingly important in driving greater productivity and moving our production higher along the value chain. Our capabilities can establish our role in a new global context, particularly the green transition, while also maintaining our strengths across existing manufacturing industries. Further developing our capabilities also provide an opportunity to realise economic benefits from our abundant renewable energy potential and endowment of critical minerals.

Business environment

Ensuring that South Australia's business environment is supportive, simple and streamlined is vital to allow businesses to focus more of their valuable time and resources on growing. A competitive business

environment also underpins our ability to attract, retain and grow a diverse range of globally successful businesses.

We aspire to foster a vibrant and dynamic business sector in South Australia, and a strong culture of entrepreneurship and willingness to take risks. This will mean that South Australians can successfully operate a business of any size from our state, and further, we attract entrepreneurs from elsewhere to establish complementary businesses here. We want to lower the barriers as far as possible, enabling South Australians from all backgrounds to start a business. We also want to see input costs for businesses, as well as high-quality factors of production, providing a competitive advantage.

We need to build the capability of our small businesses to take advantage of South Australia's economic opportunities. We will provide the tools and services to support small businesses to grow and succeed.

Investment, confidence and global mindset

For South Australia to ensure prosperity for its citizens, we must assert our position in the world, and create compelling solutions to tackle global problems. The opportunities being identified across the state can provide rapid scale to the South Australian economy and provide opportunities for local companies to partner and embrace markets larger than South Australia—finding our place in the world.

Our targeted trade plans will see us further leverage our strengths and engage where we are competitive, deepening our international partnerships within key markets and building an ecosystem that our exporters can tap into.

Next steps

The choices we make today will determine how well we meet our ambitions for South Australia's future economy.

We are committed to working together with South Australian organisations and communities as our economy undergoes this next transition. We recognise that we'll need to do things differently to make this vision a reality, and we invite your input on how we get there.

The new Economic Development Board will engage widely with industry, businesses and the community to advise the South Australian Government on how we turn the intent outlined in this Statement into concrete actions—building upon the significant work already underway.



Government
of South Australia