

South Australian Economic Statement 2013

April 2013

On Friday 15 March 2013, South Australian Premier and Treasurer Jay Weatherill delivered the South Australian Economic Statement 2013. The Statement uses independent economic modelling to provide an assessment of South Australia's prospects and the risks and opportunities presented by the changing global economy.

The Statement is available in full [here](#). The South Australian Government has also released the economic modelling used for the Statement, which is available separately on the [website](#).

Premier Weatherill's press release is available [here](#).

The Economic Statement

The purpose of the Statement is to illustrate that the South Australian economy is diverse, resilient and is adapting to change, and also to point out the further actions that need to be taken to ensure future economic prosperity. The Economic Statement reinforces the [seven strategic priorities](#) for South Australia that were identified by the then new Premier Weatherill in early 2012.

The Economic Statement outlines four economic priority areas that have been identified by the South Australian Government as the path to sustained future economic prosperity. For each priority area, the Statement outlines the progress that has been made in recent years, and the actions required to be taken to continue growth in these areas into the future.

The four economic priority areas are:

1. Growing advanced manufacturing

Growing advanced manufacturing is central to achieving robust economic growth for South Australia

Manufacturing has suffered from decreased demand due to lower unit cost products being offered by competitors, and the high Australian dollar affecting export markets and trade exposed sectors. The need for the manufacturing sector to adapt to such an environment is pressing.

The challenge for South Australian manufacturing, as outlined in the advanced manufacturing strategy '[Manufacturing Works](#),' is increasing the focus on innovation so the manufacturing sector can move up the value chain through more advanced manufacturing techniques.

The future success of manufacturing relies on supplying higher value solutions in new industry sectors in order to compete on the basis of value rather than cost. The Economic Statement emphasises the need for South Australia's manufacturing sector to be more focused on high-end parts of the value chain like the design and engineering of products as well as focus on sectors like defence, mining, food and fibre, automotive and bioscience.

The priority actions outlined in the Statement to facilitate the growth of advanced manufacturing include:

- Pursuing innovation to achieve productivity improvements
- A focus on developing products that compete on value, rather than cost
- Clustering of similar businesses to facilitate sharing the costs of innovation
- Supporting industry incubators to develop businesses and innovation concepts
- Improving skills within the workforce

2. Realising the benefits of the mining boom for all

Developing South Australia's mining and energy resources industries to benefit from the ongoing mineral resource demands of the rapid urbanisation of Asia

South Australia is the only mining state that is also a manufacturing state.

Investment in new technologies through collaboration between business, government and the university sector have already solved the challenge of recovering resources from deep within the earth – a particular challenge for South Australia's resources sector. This has enabled South Australia to develop into a centre of mining excellence.

These South Australian-based technologies have also led to the establishment of a number of new resource and mining services companies based in South Australia. The South Australian mining services sector now services mines in resource projects in Queensland, Western Australia and extended its reach to Indonesia and South-East Asia.

Universities in South Australia have established a reputation for offering the leading qualifications for modern mining and resource technologies. A Future Fund provided for from revenues from mining and energy extraction has enabled South Australia to ensure that the wealth from extraction activities will be shared with future generations.

The strategic priority of realising the benefits of the mining boom for all seeks to maximise these flow-on benefits across the economy, and also ensure that regions benefit from uplifts in economic activity in their locale.

The priority actions outlined in the Economic Statement to realise the benefits of the mining boom for all include:

- Assisting the coordination and planning of regional infrastructure development
- Support mining-related innovation, research and development through the establishment of the Mining and Engineering Centre, as well as support for South Australia's universities
- Maintain regulatory certainty and reducing red tape for project proponents
- Pursuing the growth of the mining services sector
- Assisting Adelaide and regional towns become preferred locations for 'Fly In - Fly Out' workers

3. Premium food and wine from South Australia’s clean environment

Capitalising on the quality of South Australia’s food and wine and continuing to develop these products into higher value- goods for export to the rapidly expanding middle classes of Asia.

South Australia is renowned as a producer of food and wine from its clean water, clean air and clean soil. South Australia’s food and wine is labelled and recognised as South Australian around the world. South Australia’s food security, environmental protection, and bio-security systems are regarded as international best practice. Exports to Asia of South Australia’s food and wine have grown substantially in both volume and value. A substantial industry of adding value to food has created a new food manufacturing sector in South Australia. South Australia is recognised globally for its culinary tourism, with consumers from around the world visiting manufacturers and farms which grow the produce they enjoy.

Agricultural commodities and wine comprise a significant proportion of South Australia’s exports. However, South Australia’s food and wine products are under pressure from low labour cost countries and a high Australian dollar. South Australia also bears comparatively high costs in the production of its food and wine products, due to the high standards of environmental protection, food safety standards and relatively high input costs.

The rise of significant demand for food and wine, largely driven by the increase in the Asian middle class and other emerging markets, along with growing concerns about food security in populous countries, presents an opportunity to increasingly leverage South Australia’s reputation as a producer of “clean and green” food and wine products, as well as move an increasing proportion of South Australia’s agricultural commodities up the value chain by engaging in value-adding manufacturing.

The priority actions to increase production and market South Australia’s premium food and wine from South Australia’s clean environment include:

- Marketing South Australia’s food and wine as premium and environmentally sustainable
- Leveraging food and wine tourism
- Maintaining the advantage of a comparatively “green economy” through sustainable environmental and resource management practice
- Increasing value add production in South Australia’s food and wine manufacturing

4. Creating a vibrant city

Driving the development of a more vibrant Adelaide to secure talented workers and businesses underpinning further economic growth

Adelaide is rated one of the world’s most liveable cities. Yet it has a reputation for being staid and lacking economic and cultural opportunities for younger demographics. As a consequence, Adelaide – and South Australia, suffers from negative net interstate migration. Many of South Australia’s young people leave the State to head interstate to pursue such opportunities; others head overseas. The strategic priority of creating a vibrant city has been set to ensure that more people choose to live, work, invest, and spend time in the city. This is critical for South Australia’s economic future.



The city must be a beacon of opportunity not only to South Australians seeking career paths and job opportunities, but those expatriates and migrants considering moving to Australia.

The priority actions to create a vibrant city include:

- increasing density in the city and city fringe
- continuing the investment in the riverbank and health precincts and encouraging private investment
- activating the city
- reducing red tape for cultural and hospitality-oriented businesses to be established
- facilitating the growth of the “creative economy” by capturing benefits of the arts and cultural festivities and institutions.