

ATTRACTING CAPITAL AND TALENT

2022 POLICY PRIORITIES

INTRODUCTION

The 2022 State Election is arguably the most important in our State's recent history.

South Australia is emerging from the COVID pandemic with a clear comparative advantage relative to comparable regional cities and states.

We are a mid-sized city with a strong economic base underpinned by an exceptionally high-quality standard of living, significant tertiary sector and a clear economic agenda that enjoys bipartisan support.

We will either capitalise or squander the opportunity we have – the choices are clear.

South Australia has set its sights on attracting a disproportionate amount of capital and talent relative to our size today.

We are 7% of our nation's population but we want to attract at least 10% of Australia's total migration intake per annum. We are 5.5% of gross domestic product but we want to attract 12% of foreign direct investment.

To achieve these goals, we must have both the policies and the political commitment that ensure we can outperform the country and the region in attracting talent and capital.

We strongly believe South Australia has the ability to grow our population to two million by 2030 and give us the critical mass we have lacked for so long.

Attracting capital and talent is what will drive us there. It will take vision and courage, but the policy settings are in front of us.

Ultimately, the actions we take now will impact our State and quality of life, health and wellbeing of our future generations.



Bruce Djité

Chief Executive Officer
Committee for Adelaide

ABOUT THE COMMITTEE FOR ADELAIDE

The Committee for Adelaide brings together businesses, industry bodies, community and government to shape the most liveable city in Australia and the third most liveable city in the world.

We are non-partisan, independent and sector agnostic.

Our membership is diverse and influential, making a significant contribution to the economy and society. Our members collectively employ over 30,000 South Australians and all have a clear and vested interest in our future.

The Committee's work centres around people, business and capital, and how the interconnection of these areas and their relationship to one another largely determine the economic and cultural health of our society.

We are focussed on harnessing the strengths, passion and insights of our members and partners to shape the future of Greater Adelaide.

Our aspiration for Greater Adelaide is to be the most extraordinary, big thinking, welcoming and vibrant global city with a population of two million by 2030.



POLICY PRIORITIES

1. Create a \$500 million High Growth Fund for SA

If we want to attract a disproportionate amount of capital and investment to South Australia, we must have the courage of our own convictions. The first question investors will ask is what skin we have in our own game.

We need a mechanism and an investment vehicle by which South Australia can attract large-scale investment to support various sectors and businesses and, by extension, retain and attract talent to our State.

To achieve the goals we have set ourselves, we need to create a step-change in the ability of our economy to respond.

We strongly believe that a \$500 million High Growth Fund should be created which would play a critical role in investing, facilitating, and attracting investors to South Australia for the express purpose of investing back into the growth sectors in our economy – health and medical industries, clean energy solutions, agribusiness, space and defence technologies, hi-tech, start-ups, scale-ups and venture capital. A High Growth Fund for SA would not only be capable of deploying significant amounts of capital, but also begin to foster a larger funds management ecosystem within the State.

A good example is Lot Fourteen. A number of exciting businesses are setting up within the precinct, which is designed as an accelerator for innovation and collaboration. A new High Growth Fund could be involved in marrying these start-ups with the sort of capital that can take them to the next level.

More than that, a High Growth Fund is critical in encouraging and partnering with international entities, introducing them to the opportunities and unlocking significant global investment for the State.

Currently, South Australia attracts little of the venture capital and early-stage investment deployed to other states by governments and superannuation funds. HostPlus, which has \$68 billion in funds under management, is one example where a superannuation fund has successfully collaborated with venture capital investors. This type of co-investment will be a catalyst to attracting significantly more capital to our State.

2. Implement policy settings to support population retention and accelerate growth

Prior to 2020, for decades South Australia lost thousands of young people aged 25-29 per year to interstate. While COVID has helped drive net interstate migration gains, any stutter in the momentum the State has generated will see us return to previous negative trends. We need to accelerate interstate migration gains to offset future losses.

For fifteen years prior to the pandemic, overseas migration was the largest source of population gains for our State. Population growth has been and will continue to be heavily reliant on migration.

With gains from net natural increase expected to decline and deaths expected to rise as our population ages, the importance of migration in future years will be even greater for South Australia (SACES, 2021).

According to the SA Centre for Economic Studies (2021), the health, aged and disability care and related services sectors will drive employment

growth with 30,000 jobs created over the coming decade and thousands more job opportunities in other growth sectors.

Through the establishment of a High Growth Fund, we will be supporting and creating not only current careers in South Australia but those of the future. We need to commit to the policy settings that not only attract interstate and overseas talent but also keep our home-grown talent here by building a vibrant economic, social and career environment that convinces them that they have no need to leave.

The Committee for Adelaide's proposed High Growth Fund is the missing ingredient for economic growth in key sectors in the State's economy. It will also provide the ability for businesses to leverage existing talent attraction mechanisms that can restart South Australia's skilled migration intake.

However, we believe that some key policy settings require action:

a. Acceleration of SA migration policies

If South Australia is to achieve its ambitious migration targets, more must be done to ensure our State is attractive to skilled workers looking to move to Australia.

We would urge our political leaders to work with the Federal Government to increase our state's migration intake to at least 10% of the nation's share per annum and work with them on discreet biases, including demand driven migration policies, that fast-track new arrivals to South Australia when combined with a commitment to staying in the State for a minimum of five years.

b. Create incentives for international students

International education is a significant contributor to the economy of South Australia. Prior to the global pandemic, 50 per cent of South Australia's \$1.2 billion international visitor expenditure (in 2019) was attributed to international study. International education was our state's second largest export in 2020, worth \$1.85 billion to our economy, ahead of copper, metal ores and meat. Every three international students in South Australia creates one local job.

Not only do we need international students to return to South Australia in numbers, but we need them to stay to fill the jobs for which they are qualified for. We need to capitalise on international student skill sets that can complement and boost our local workforce and ultimately, support business and economic growth in the longer term.

We call on the government to provide the right signals and incentives to encourage businesses and industries struggling to source local labour to take on more international students where students can fill specific skill shortage gaps in our metropolitan and regional labour force.

3. Promote the State's competitive advantage

The Committee for Adelaide calls for strong leadership to capitalise on our current status as the third most liveable city in the world and the most liveable city in Australia.

Adelaide is renowned for its liveable lifestyle. As locals, we boast about the benefits of living in a boutique sized city, utilising our size as the foundation to build exceptional networks and connectivity across business, industry, education, not-for-profit and government.

We have world leading industries and innovations geared towards a healthy, green, and sustainable future. Our business and industry foundations are based on globally recognised environmental, sustainable and governance principles that set us apart for investors, contributing to our state's brand narrative and adding value to our international competitiveness.

The pandemic has brought these advantages into sharper focus, delivering an opportunity that we cannot afford to squander.

We urge our leaders to make the necessary financial commitment required to promote, succinctly, our city's global brand and compelling competitive advantage.

To achieve this, we need state leadership that can clearly articulate what brand Adelaide is, the essence of our identity and clarity from government about who will lead our state's marketing and investment efforts nationally and globally.

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