

Wednesday, 18 March 2009

NEWS STATEMENT FROM CHAIRMAN BRUCE CARTER

SOUTH AUSTRALIA'S ECONOMIC POSITION STRONG

A new Economic Statement released today says South Australia is better placed than other States to emerge from the global downturn in a stronger economic position.

It says when recovery comes South Australia will likely out-perform the national economy, with strong growth in defence and mining, together with major opportunities in other sectors.

The Statement is the work of the Economic Development Board (EDB), which has been the Rann Government's key economic adviser since 2002, on the best ways to sustain growth in the State's economy.

The State Government asked the EDB in May last year to provide a clear outline of the State's economic future, and on how to capitalise on future opportunities.

Last October Premier Mike Rann requested the EDB extend the report to include a reference to how best to emerge from the global economic downturn that was sweeping the world.

Today EDB Chairman Bruce Carter said that after nine months of extensive examination of the State's economy, South Australia's economic outlook remains positive.

"This Statement takes a medium and longer term view of the State's prospects and in this context - the picture is bright," Mr Carter said.

"We don't know exactly when the international economy will recover, but we know that it will recover. And we believe that when growth returns, South Australia has every chance of outperforming the national economy.

"That is a very different picture from previous decades when our State lagged the national economy.

"But although the medium outlook is very positive, the opportunities will not fall into our lap; we have to work to make the most of them. We have to help sustain industry and jobs during the slowdown and build capacity to take advantage of the inevitable recovery.

"This is a job not only for government, but for business, the workforce, educators, unions and the community.

"We consider the State Government has done the right thing in terms of action it has taken to stimulate the economy and build capacity, in building a vital new network of roads, rail and trams, creating jobs and significantly boosting our defence and mining industries.

"Even though times are getting tougher, now is the time to invest in our infrastructure and our workforce skills. Our advice to Government is to plan now for the recovery and stronger growth.

"What we are saying is that during this slow down the economically responsible thing to do is to maintain the government's strong investment programme, not wind it back.

"It will give us time to position ourselves to best capitalize on the inevitable momentum in growth following the global economic crisis.

"We must use this time to train and reskill our workforce to feed into our main industries, secure our future energy and water needs, ensure our carbon reduction requirements, plan for manageable population growth and build the infrastructure that will best suit our growth industries.

"At this time, new infrastructure can be financed at lower interest costs, other input costs may also be lower and it will help sustain businesses and jobs now. But it will also mean we are ready to go when the economy lifts.

"This Economic Statement has been guided extensively by SA's Strategic Plan, as well as a number of important pieces of work and contributions from many South Australians with varying interests and expertise.

"Like the Strategic Plan, the EDB's report doesn't look at the economy in isolation, being concerned about how economic development and growth can help to provide more opportunities and a fairer community, and be squarely in line with environmental sustainability. This is a statement for the whole state, for all South Australians; we must all play our part".

This statement is based on the overriding objective of making South Australia the most competitive place in which to invest and operate a business in Australia while securing both social dividends and greater environmental sustainability.

The key Statement's key recommendations around which a Government response will be formulated over the next few weeks, are as follows:

Water security:

- moving towards volumetric-based cost recovery pricing to help finance needed water security investments
- increasing the Port Stanvac desalination plant to 75 or 100GL
- opening up the State's water and sewerage system to third party access
- developing a new communication strategy to bring the wider community along with the Government's plans in this area.

SA as a leader in renewable energies:

- building on our natural advantages in generating solar, wind, wave and geothermal energy to establish the State as Australia's clean state
- developing a strategy to attract greater investment in new renewable energy technology and broadening the State's manufacturing base in this area
- based on the successful Defence Industry Advisory Board model, establishing a Renewable and Low Emissions Energy Board and Office to attract research funds and investment dollars, to coordinate research activity, and to integrate and coordinate liaison across the State Government and between it and industry and other levels of government.

Our education and training system:

- taking up with the Commonwealth the potential shortfall in VET and higher education funding
- ensuring that low SES schools receiving a greater level of funding and that school principals are given greater discretion over their budgets and remuneration of exceptional teachers
- developing a new plan to increase student interest in science, technology, engineering and mathematics.

Raising workforce participation:

- embracing an ambitious employment participation target (the Board suggests that the current rate of 73.8% needs to be increased to 78.0%)
- better targeting our training effort towards those on the margins of the workforce (the Board supports a review of the SA Works program).

Social benefits from growth:

- ensuring that economic and social development must go together
- calling on businesses and industry associations to engage with the Social Inclusion Board in its Economic Disadvantage reference, particularly to provide entry level employment opportunities
- ensuring that public sector authorities do more to provide employment opportunities for people entrenched in disadvantage, including through counter-cyclical capital works.

The Regions:

- extending the SASP regionalisation process towards the development of plans of action for each region
- reconfiguring the RDB framework to align with the State Government's regional boundaries
- considering the development of an Aboriginal Economic Statement to ascertain the role of the State's Aboriginal community in the State's future development and how they will be supported to fulfil their role.

Population growth:

- bringing forward the State's population target of 2 million by 2050 to 2027
- reviewing the State's population policy, which is now five years old and empowering the Government's Population Unit to reach across the system and ensure that the various parts are working as they should with a focus on stemming the flow of people leaving the State, providing better supports to employers of migrants and better settlement services for new migrants.

Productivity gains:

- focusing the State's industry policy on supporting the growth of export-oriented industries characterised by high value-add and especially in the sectors of mining, defence and renewable energy
- restructuring the SA Centre for Innovation as a flagship of innovation in the State

- ensuring the Department of Trade and Economic Development has a much stronger focus on services (the Board claims that we know very little about them with the exception of education and tourism)
- reviewing allocations of public R&D funding across the board.

Infrastructure investment:

- maintaining a robust program of infrastructure investment through the global downturn (the Board's view is that failing to invest now will be far more damaging than any temporary downgrade in the State's AAA credit rating)
- recommending the preparation of an annual Infrastructure Priorities Update to Cabinet with the first due in December 2009 (the Board believes this will guide the public sector and bring a new level of dynamism to the State Infrastructure Plan).

Public sector efficiency:

- continuing the red tape reduction initiative
- reviewing all regulation every five years
- giving urgent consideration to the need to strengthen the leadership of the public sector (the Board emphasises that chief executive's must be accountable for the development of the next cohort of leaders).