

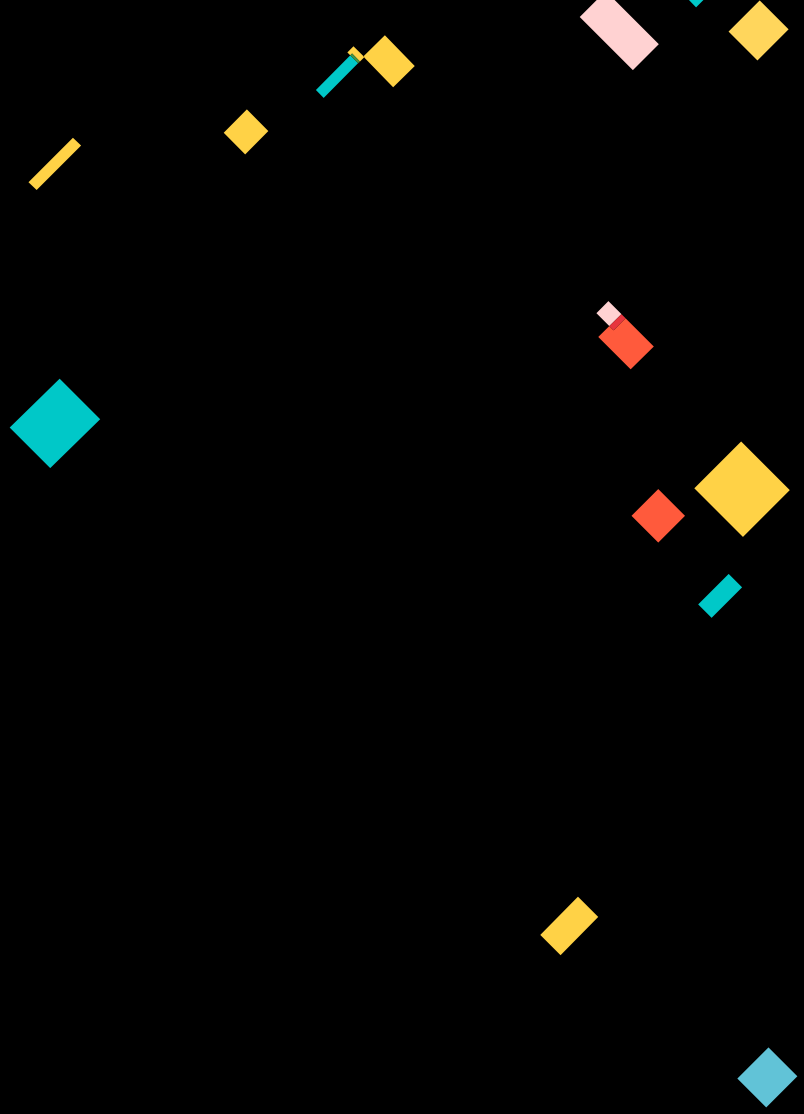


## Make it a plan

Adelaide

Phase 3 / Answer

*Shaping*  
**Future Cities**





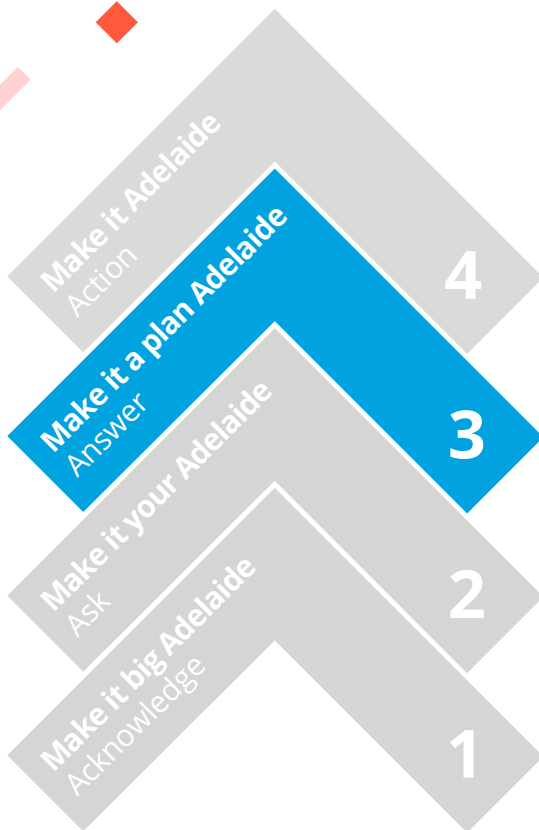
# Make it Adelaide

**Although this is the final report in our *Make it Adelaide* series, we'll be continuing the journey to transform Adelaide's future by 2027.**

So far we've been joined on that journey by hundreds of people from business, government and the community sector, as well as individual South Australians who have helped envision what a successful Adelaide looks like and what we need to do to get there. We believe that our action plan will ensure the Adelaide of tomorrow is a bigger, brighter and bolder version of the one we have today.

Government cannot bring these opportunities to life alone. Business leaders have a pivotal role to help transform our economy – and the community has a big part to play in contributing to the growth of our state, making it an exciting and compelling place to live, work and invest.

**Let's shape Adelaide together and build a future where our children – and their children – can flourish here in South Australia. We look forward to working with you to make these opportunities a reality.**



## Phase 3

### Make it your Adelaide > Answer

**Over the past six months we have consulted with business, government and the community to develop ideas for the future of Adelaide and South Australia. This report presents our roadmap and plan, which identifies how we can take action to accelerate our economic and population growth – with the private sector taking the lead.**

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**Now we've  
got the plan.  
Let's make  
it happen.**

### **Adelaide is a city with a big future**

**Back in May, we started with a set of old myths to dispel about our city. We know that Adelaide's not a big country town any more, but the capital city of a state with 1.7 million people and a \$100 billion economy.**

**At Deloitte, we believe fundamentally in a big future for Adelaide. We think that Adelaide can assert its future role in Australia's economic and cultural life, and take its place on the global stage. But we needed to find out what a bigger Adelaide looks like and what we need to do to get there.**

**We challenged ourselves and our project partners to build a plan for Adelaide and South Australia which embraces the future. And we've been joined on that journey by hundreds of businesses, people from government and the community sector, as well as individual South Australians who have contributed their ideas.**

### **A big future in broad strokes**

**No one owns a crystal ball that shows how the future will turn out. The future laid out in this report is not the most likely future, but it is a future which we believe is achievable if the private sector and government start taking action to deliver it.**

**We model what the economy of a bigger Adelaide might look like - the industries where people will work and how they're different to today.**

**We describe where and how people might live, and - together with our colleagues at Hames Sharley - map out how this might transform our city, in ways smaller than you might think.**

**Then, we identify a series of opportunities for business and government to act to make this happen. And as promised - most of the recommendations are about delivering a future which is driven by the private sector.**

### **Not one big conversation, but millions of small ones**

**The reason why we're doing this isn't to influence one decision, but to change millions of minds.**

**We want to shift the conversation where a young couple in Adelaide are deciding where to build their careers and start a family. We want to change the mind of a businessperson in Sydney or Singapore choosing where to invest. We want migrants around the world considering a place to transform their lives, to choose to do it in Adelaide.**

**That's why this report is about Deloitte making the case that you can make it in Adelaide.**

**Now we've got the plan.  
Let's make it happen.**

# Executive summary

**We've done it tough, but now's the time for Adelaide to shine**

Without doubt, the last few decades have been difficult for South Australia. Manufacturing's decline and the comparatively faster economic and population growth in other capital cities means that Adelaide's been outshone in our nation's economic history.

At Deloitte, we think that now is the time to change that. Over the past six months, we've spoken to more than 500 people from across the state, the country and the world about the future of South Australia. Those people spoke and overwhelmingly, they spoke of their passionate belief in South Australia. If we act now, we can secure a future where more people choose Adelaide and South Australia as places to live, work and invest.

We've dedicated this final report in our *Make it Adelaide* series to setting out what success looks like. Starting with an analysis of the economic dividend, we then delve into how the urban landscape will – and just as importantly, won't – change. We then focus on a series of opportunities for businesses, policymakers and citizens to act: the actions we need to transform our city, our regions and our state to build a bright future for South Australia.

**By 2027, South Australia could be a state home to 2 million people and a thriving \$134 billion economy**

Fundamentally, we need to build a robust industrial base that takes advantage of the sectors where global growth is strong and aligns with our comparative advantages as a state. But intricately linked is the question of population growth – a question that, despite its importance, is often overlooked.

Larger populations are not necessarily better than smaller ones. But in Adelaide and South Australia, our population growth is representative of what needs to change. Too many South Australians choose to live elsewhere to chase better opportunities, while not enough people from interstate or overseas are convinced to move here. Tellingly, there are fewer young people aged between 15 and 34 living in South Australia today compared to the mid-1980s. We will know we have succeeded when we've changed their minds.

To reach a population of 2 million, an extra 277,000 people will need to choose to call South Australia home by 2027. This requires us to meet the Australian growth rate of 1.4 per cent each year – representing an additional 131,000 people over and above baseline forecasts.

This might sound difficult at the outset. But to put it another way: we only need an extra 13,000 people each year to choose South Australia. That's around a quarter of Adelaide Oval's capacity, or the number of people Melbourne adds to its population every six weeks.



## We need to act now and play to our strengths

### A city with more choices for how people live

It's vital that as we grow, we make our city an even better place to live – and not lose Adelaide's advantages in the quest for population and economic growth.

That's why Deloitte partnered with leading architecture and urban design firm Hames Sharley to consider what Adelaide's future urban form might look like. Crucially, our work with Hames Sharley presents how an increased population can be accommodated over ten years while enhancing the liveability of our city – which will be a key differentiator as we continue to grow.

Our vision is for an Adelaide which offers a range of lifestyle choices, accommodating those who want to live in different parts of the city and in different types of housing. By concentrating population growth to the CBD and key urban villages, while modestly increasing density along new transit corridors – most parts of Adelaide won't see much change from a growing population.

### Making it happen

We've identified 25 opportunities to kick-start the transformation of Adelaide and South Australia. And while we sometimes need governments to lead or assist, most opportunities are for the private sector to step up to the plate.

The way to make it happen is to play to our strengths. We believe in a more prosperous and exciting Adelaide, not a bad copy of what exists elsewhere.

In the **inner suburbs**, we've identified a future where the tram network extends north, south, east and west, providing the transit backbone for new urban villages. These villages will create a lifestyle where you can get more of your life organised around places where you don't need a car.

Our industries will be transformed too. Health and biomedical industries will invigorate Adelaide's west end, while growing universities and creative institutions underpin the revitalisation of North Terrace, supported by world-leading digital infrastructure.

## Our sectors



International education



Defence industries



Energy and gas



Creative industries



Tourism



Health and medical industries



Agribusiness



Professional and information technology services

Visitors will arrive through an expanded Adelaide Airport and stay at newly developed hotels, shop at an expanded Central Market during the day, before going on to experience a redeveloped Riverbank at night.

In the **outer suburbs and greater Adelaide**, by 2027, the construction of submarines will be well underway at Osborne. South Australian businesses will have consolidated and matured to make the most of the supply opportunities in the defence sector, as well as growing opportunities in agribusiness, energy and resources.

People living in the outer suburbs will be better connected to the job opportunities of the inner city through extended rail corridors and appropriate road investment, carefully advised on by the new, independent Building South Australia.

**South Australians living in our regions** will be making the most of our resources – mineral, gas and renewable energy – through growing private sector capital investment.

In both the regions and the outer suburbs, renewed investment in food and wine can create jobs and thriving businesses.

**Across the state**, reformed migration rules will enable more skilled migrants to move to Adelaide, while Government and the private sector take advantage of technology so that GigCity Adelaide and digital government processes are competitive advantages in attracting businesses to South Australia. The South Australian Investment Corporation will bring decision making about capital allocation back home to Adelaide.

A greater focus on marketing the state internationally will be key to driving economic and population growth.

#### **Let's get on with it**

The future for Adelaide and South Australia is bright. But it's not guaranteed. We all need to act now to secure it.

It's time for strong leadership from the private sector to invest in South Australia and transform our economy, while making good returns.

We've got a long way to go. But the truth is, you can make it in Adelaide. And we're going to prove it.

# South Australia 2027

**2 million people**

**\$134 billion economy**

**59,000 extra jobs**

## 1

# Shaping Adelaide's future

## When one door closes, another one opens

### South Australia's transition

Now that the last cars have rolled off the production line at Holden, one chapter of South Australia's economic transition has finally concluded. And even though the darkest forecasts of what would happen didn't come to pass, there's no doubt that South Australia has done it tough in recent times.

We've seen our population growth slow to 0.9 per cent each year since 2007, compared to 1.7 per cent nationally.<sup>1</sup> And economic growth has averaged around one percentage point below the national rate over the same period.<sup>2</sup> Since the 1980s, South Australia has lost economic relevance in a nation where growth has been led by the services-driven expansion of Sydney and Melbourne and, up until recently, the mining-driven economies of Western Australia and Queensland.

But we can't stay stuck in the past and keep blaming the decline of manufacturing for the state's problems. Sure, we've lost 34,000 jobs in the manufacturing industry since 1990 – but we've gained more than 22,000 jobs in professional, scientific and technical services alone.<sup>3</sup>

And that's only the start. We need only look at Adelaide's favourite rival, Melbourne, to see what services can do for an economy.

The time to transition is now. The new South Australian economy is driven not by cars, but by our strengths and our comparative advantages in an increasingly globalised world. And because Australia is a developed, high-wage country, we're best suited to industries which are capital intensive, or require a highly skilled workforce. While there are plenty of opportunities to compete, the old factories of the past are long gone.

There's no silver bullet. We need to focus our energies across a number of industries to develop a stronger economy. In our first report, we identified eight sectors which will underpin our future growth and shape South Australia's future.

Part of this is about tackling our demographic challenges. Core to our plan is boosting South Australia's population to 2 million people by 2027, and attracting the best and brightest to choose South Australia as their home. But we're not just looking to get to 2 million people because we like big numbers – rather, a return to sustainable population growth will be a signal of our state's growing economic prosperity and create scale for our businesses to thrive.

Our economic transition won't be easy. It hasn't been easy for workers who have faced unemployment as factories have closed, and it won't be any easier for people who lose their jobs in the future.

This is an opportunity to steer our economy in a new direction, and a chance for the private and public sectors – but the private sector in particular – to shape our future success.

### **Our Make it Adelaide journey**

We're a group of South Australians united by a common purpose: to make Adelaide bigger, bolder and brighter than ever before. With a rich diversity of opportunities, Adelaide needs to cement its place as one of Australia's most compelling and vibrant places to live, work and invest.

The first phase in the series, *Make it big Adelaide*, showcased a vision for what South Australia could be – home to 2 million people by 2027, with economic growth fuelled by eight key sectors in line with the state's competitive advantages and global trends.

We've since spoken to people from South Australia and around the world to gather insights and ideas as to how we realise this vision. And overwhelmingly, the response was positive: we can successfully transition our economy and attract more people to live and work in South Australia. In fact, our consultations have identified many examples where this transition is already underway.

The second phase in the series, *Make it your Adelaide*, focused on some of the ideas for 'how' – how we activate the city and activate the regions – with both playing an important and strategic role

to achieve our economic goals. Five key themes emerged from our conversations and research: infrastructure, liveability, workforce, risk taking, and perception. We need to get each of these right to develop our eight sectors and reach a population of 2 million people by 2027.

We have synthesised and refined our ideas for this final report in the series, as we outline a plan to ensure the Adelaide of tomorrow is a bigger, brighter and bolder version of the one we have today.

## **This report**

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All good outcomes start with a robust roadmap and plan. This report fills that role – providing a series of opportunities for action to shape Adelaide's future. These opportunities are grouped around the city, the suburbs and regions, and those which are relevant state-wide.

Of course, not all of these opportunities will happen. Better ones might come along at any time. But what's important is that we elevate our thinking to see what's possible in 2027.

The opportunity is there for the taking. And if we all come together across the spheres of government, business and community, we can achieve great things. Plans are only as good as the action that comes out of them. It's about using our dedication, determination and diversity to put our best foot forward.

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## 2

# What will Adelaide look like in 2027?

**A state home to 2 million people and a \$134 billion economy. A place where there are choices to be made about how and where to live, work and relax.**

## What will our population look like in 2027?

In our first report, we mapped out what South Australia's population would look like under baseline government forecasts, and what we need to do differently to reach our vision of 2 million people. Deloitte Access Economics has now updated those forecasts for the latest Census data, and – fortunately for us – our task has become a little easier.

### 2 million people

To reach a population of 2 million, an extra 277,000 people will need to choose to call South Australia home by 2027. This is slightly below the figure in our first report, as the state's population was revised upwards.

To put it one way, we need to almost double our population growth compared to the baseline from now until 2027. South Australia's population would grow at around 0.8 per cent each year under middle of the range government forecasts.<sup>4</sup> Achieving 2 million people by 2027 requires us to meet the Australian growth rate of 1.4 per cent each year. This uplift – around 0.6 per cent – represents an additional 131,000 people over and above the baseline.

This might sound difficult at the outset. But to put it another way: we only need an extra 13,000 people each year to choose South Australia. That's around a quarter of Adelaide Oval's capacity, or the number of people Melbourne adds to its population every six weeks.<sup>5</sup>

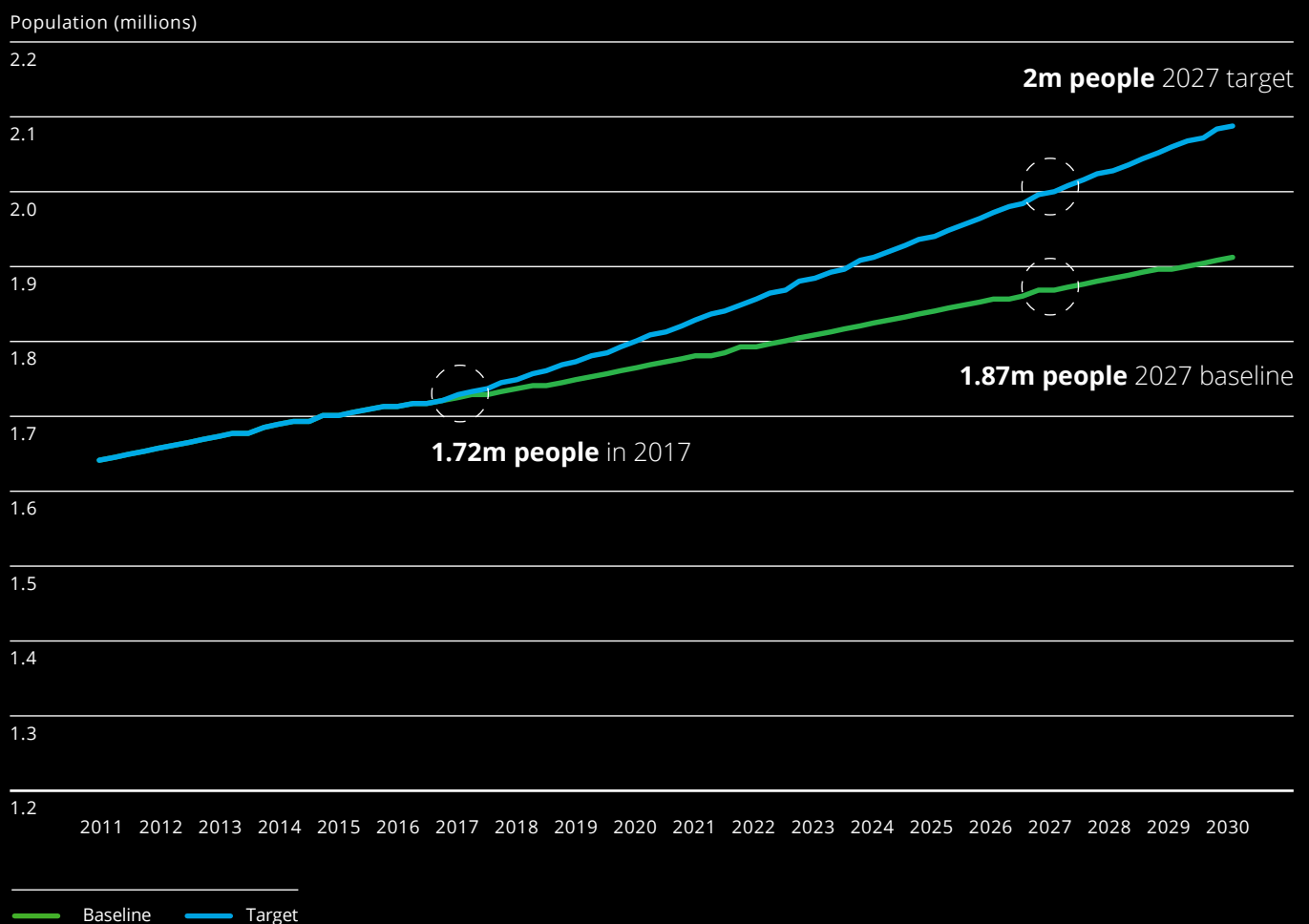
Reaching our 2 million target seems unbelievable – but it's achievable.

### The challenge

That being said, this journey won't be easy. We have the second highest median age in the country, only after Tasmania. Our young people leave the state in droves, while international migrants continue to select Melbourne and Sydney as their destinations of choice. While some young people do return in their 30s, many remain interstate when they have children. This affects our birth rates down the track, and further accelerates our ageing population. Tellingly, there are fewer young people aged between 15 and 34 living in South Australia today compared to the mid-1980s.

# By 2027 South Australia only needs 131,000 more people than under baseline projections. That's less than three full Adelaide Ovals.

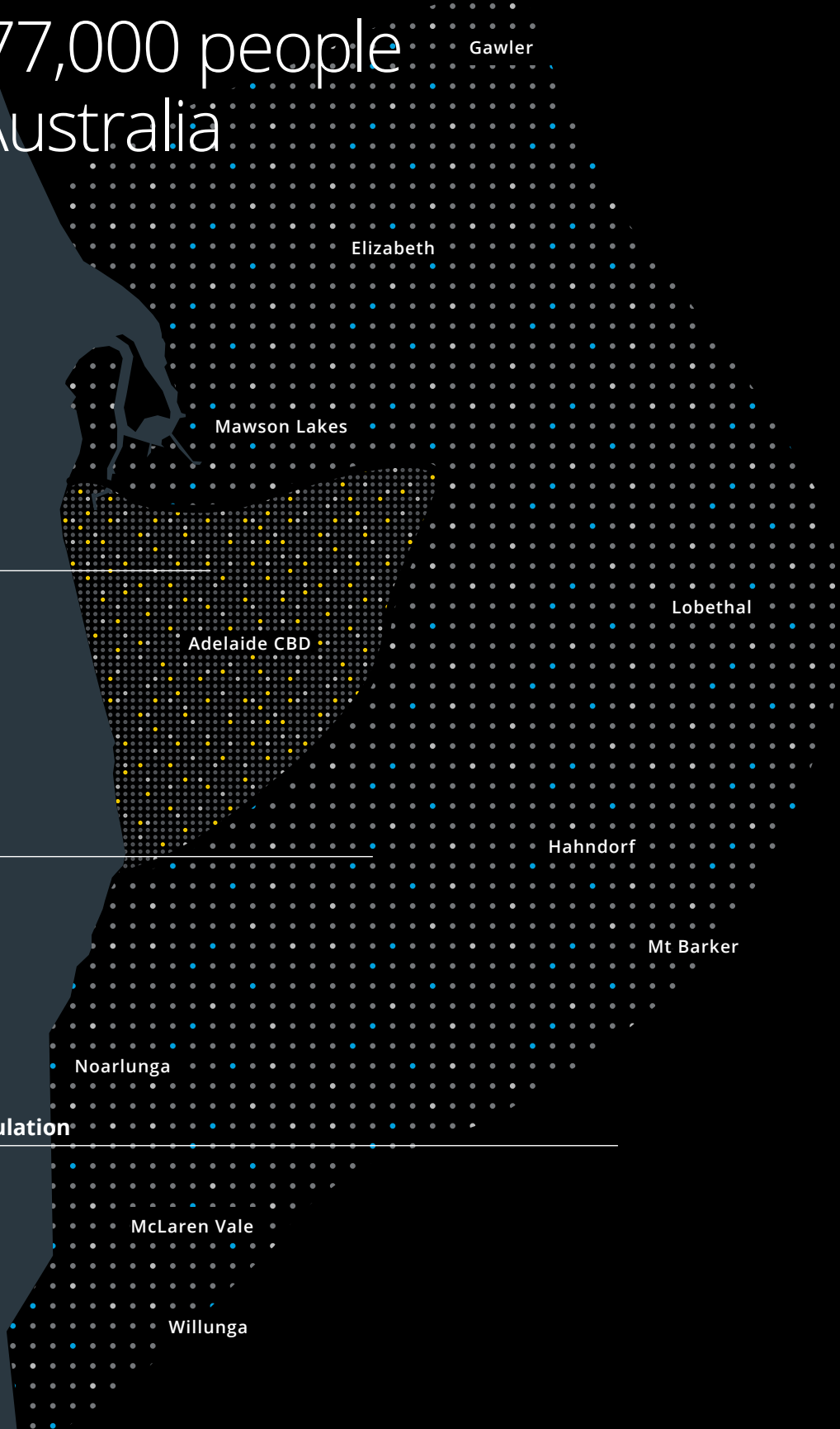
Chart 2.1: Baseline and target population growth



Source: Deloitte Access Economics, Department of Planning, Transport and Infrastructure, ABS<sup>4</sup>

# 2 million by 2027

## An extra 277,000 people for South Australia



### Middle metro population

**862,000** 2027 target  
**805,000** 2027 baseline  
**742,000** 2017

### Outer metro population

**701,000** 2027 target  
**652,000** 2027 baseline  
**591,000** 2017

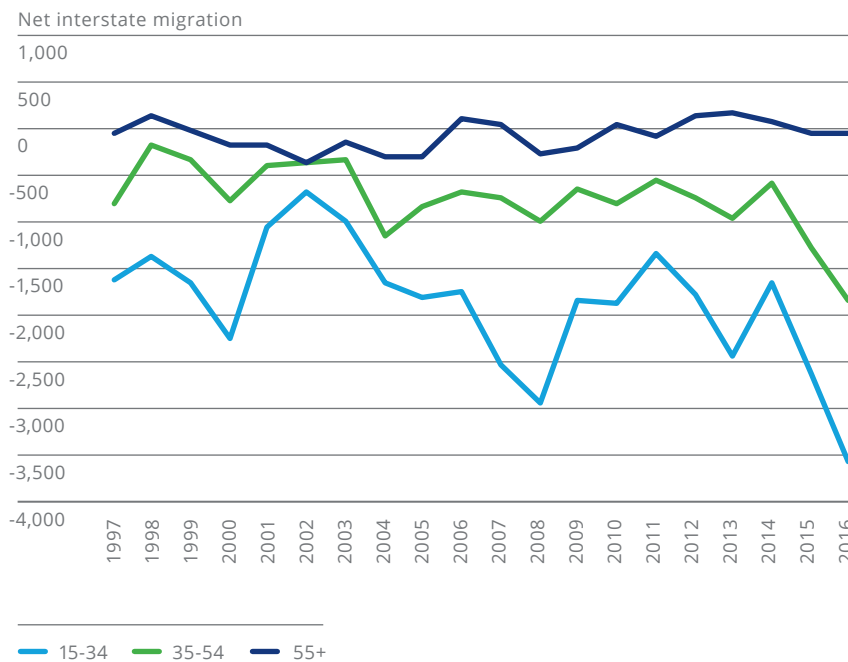
### Regional South Australia population

**437,000** 2027 target  
**412,000** 2027 baseline  
**390,000** 2017



**Chart 2.2: Net interstate migration, South Australia**

Source: ABS<sup>6</sup>



But that’s what makes this target and our plan important. If we don’t do something to reverse the trend, we’ll be looking down the barrel of a stagnant or declining population in the medium term – further reinforcing our decreasing significance in Australia.

Overall, net interstate migration needs to see a fairly quick return to what we saw in the early 1990s, with the number of people leaving South Australia roughly equal to the number arriving. Unfortunately, in 2016 we lost a net 6,900 people to other states – the worst result in some time, showing that we have some way to go.<sup>7</sup>

**International migration** is a key driver of Australia’s population as a whole, with a third of all Australians born overseas. South Australia today captures approximately 5 per cent of international migration – well below our population share.<sup>8</sup> This is concerning given the advantages that Adelaide presents as an affordable place to raise a family or test out new ideas.

Attracting more international migrants is key to reaching a population of 2 million by 2027. Overall, South Australia needs to increase its share of international migration to 8.9 per cent. This is a jump from the current state, but it could be achievable with adjusted policy settings, a strong economy and an enhanced global brand.

What’s also crucial is that migrants choosing South Australia bring new skills or skills that are needed in our economy – something we discuss more in the next section of this report.

**Natural increase** might be difficult to change in the short term, but attracting more young people to live in South Australia will mean that there’s more families to have children. While it represents only a small part of the uplift to reach 2 million, we’ve modelled a slight increase in the total fertility rate such that South Australia meets the national average over five years.

**Aligning the population stars**

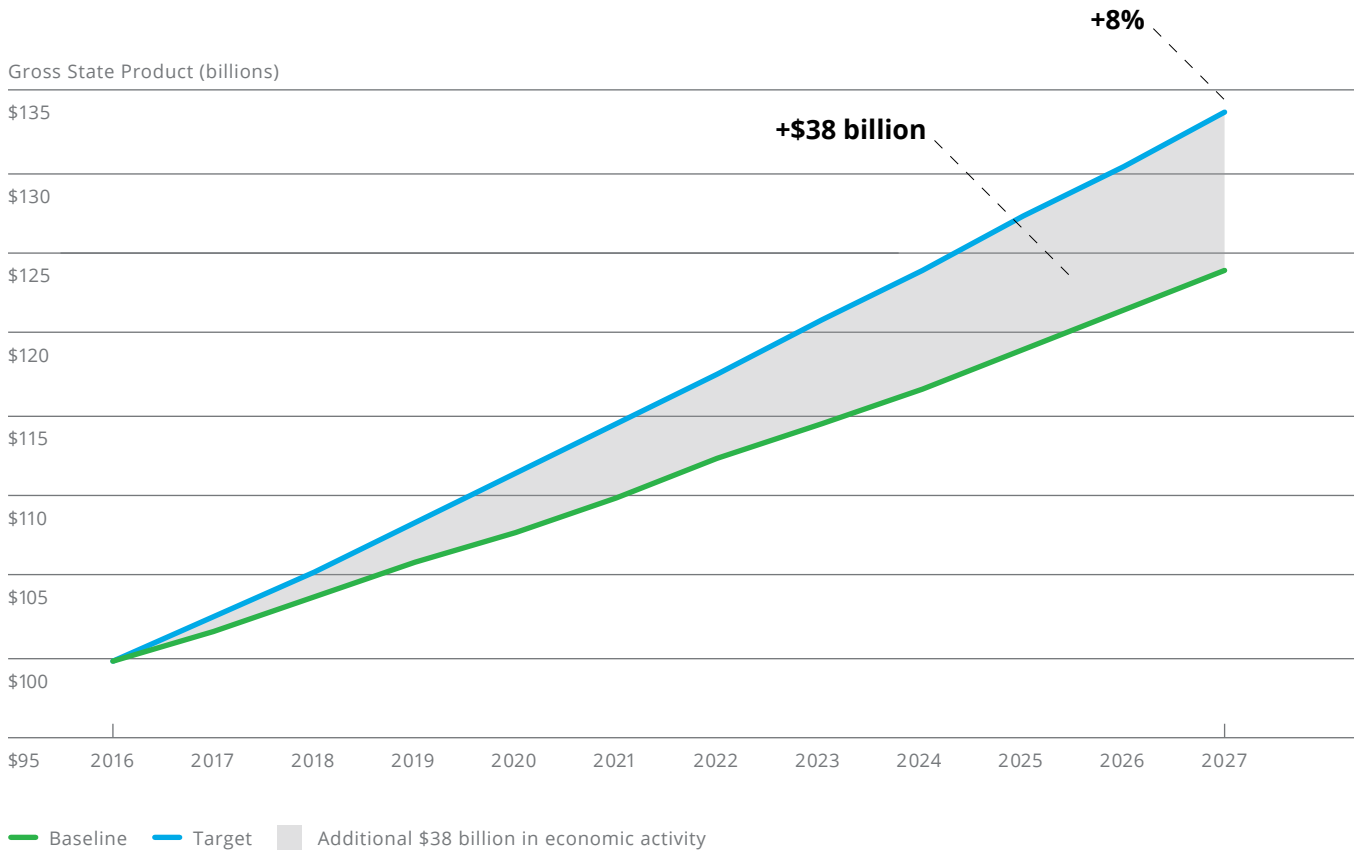
To reach 2 million by 2027, South Australia needs the population stars to align and match their best performance in recent history. Together, interstate migration, international migration and natural increase (births over deaths) can change the trajectory of our population growth.

To improve net **interstate migration**, we need to retain more of our best and brightest – and particularly young people, who are the most likely to move, but also have the greatest productive capacity.

Of course, moving interstate is part and parcel of living in Australia, and so we need to attract more interstaters to live here too. We can do this by providing the right opportunities for people to choose Adelaide, leveraging our advantage as a liveable, accessible and affordable mid-sized city.

**Linking population growth to a plan for Adelaide’s future**

We believe that now’s the time to link an aspiration for Adelaide’s population to a plan for the future economy. Our population won’t increase to 2 million without action to boost the economic opportunities presented by our state.



**Chart 2.3: South Australian gross state product under the baseline and 2027 target**

Source: Deloitte Access Economics

The next section considers the impact of our aspiration on the South Australian economy.

**What will our economy look like in 2027?**

Increasing South Australia’s population to 2 million by 2027 will have a profound effect on our economy. But in a future where many of those people are coming to Australia as skilled migrants, there’s also an opportunity to increase our productivity. Together, population and productivity, along with labour force participation, are the main drivers of economic growth.

Overall, nearly doubling South Australia’s population growth rate to meet the national average would result in a 9.1 per cent increase in labour supply. Increased labour supply means that there are more employees available to work. The presence of an additional 131,000 residents above baseline government forecasts also translates to increased aggregate demand, as more people are buying goods and services and stimulating demand.

Beyond increasing the size of the workforce, improving average productivity can also have a significant effect. Such a workforce produces more goods and services, attracts more investment and will ultimately earn more, affording higher consumption and welfare. Labour productivity is projected to improve by 2 per cent by 2027, assuming that increased skilled migration closes the gap in educational attainment between South Australia, and New South Wales and Victoria – which is currently around 5 percentage points.

Deloitte Access Economics modelled the impact of increased population growth and skilled migration on the South Australian economy. We found that gross state product (GSP) will be, on average, \$5.4 billion larger each year compared to baseline forecasts. By 2027, GSP will be 8 per cent higher than the baseline. Overall, the scenario is estimated to lead to an additional \$38 billion in economic activity in South Australia over 10 years in net present value (NPV) terms.

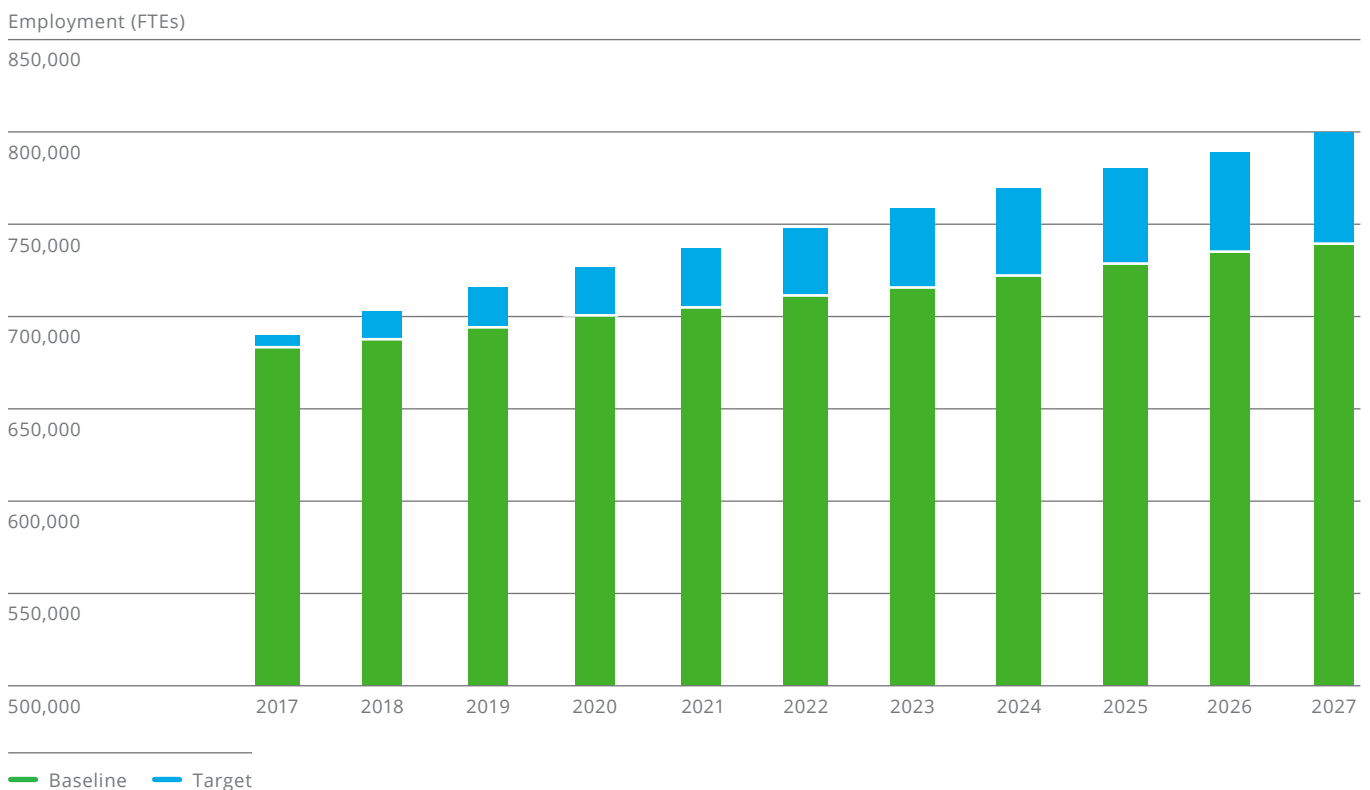
## Increased population growth and skilled migration could lead to an additional \$38 billion in economic activity over ten years.

Increasing South Australia’s population primarily through skilled migration will also impact employment. The expansion in output leads to higher demand for labour, over and above what can be provided by higher productivity. It is estimated that an additional 59,183 full-time equivalent (FTE) jobs will be created by 2027, equivalent to 7 per cent of total employment. In addition, wages are projected to rise, with increased employment and labour productivity.

Many of these jobs will be in South Australia’s growth sectors. We’ll see a different manufacturing base emerge – one that’s focused on defence and health industries. Further employment will come from supporting a growing population, as well as more tourists and international students. Our services sectors will also continue to expand as we transition to a knowledge-based economy, with our advantages in technology and creative industries. But to get here, we’ll need to do things differently to the status quo.

**Chart 2.4: Total employment in South Australia under baseline and target scenarios**

Source: Deloitte Access Economics

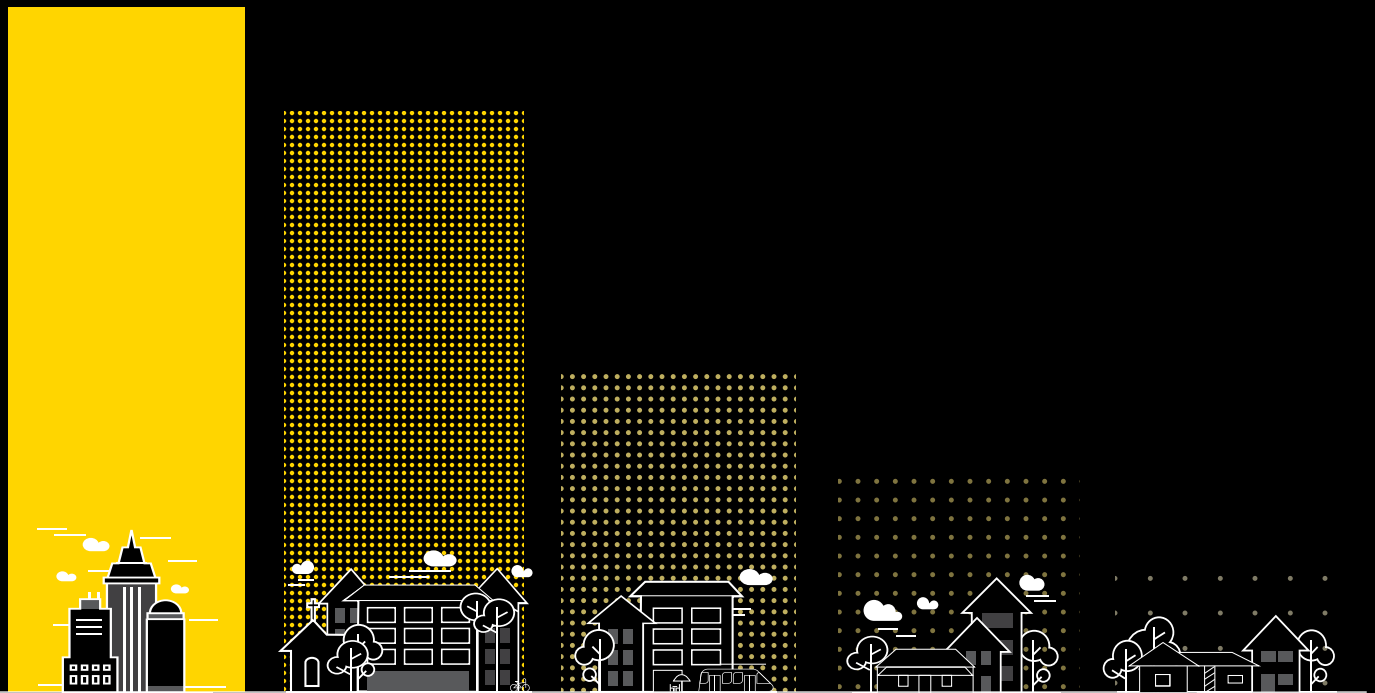


# Pockets of growth

## 120,000 more people in middle metropolitan Adelaide by 2027

### Growth by 2027

up to 65%      up to 55%      up to 30%      up to 20%      up to 10%



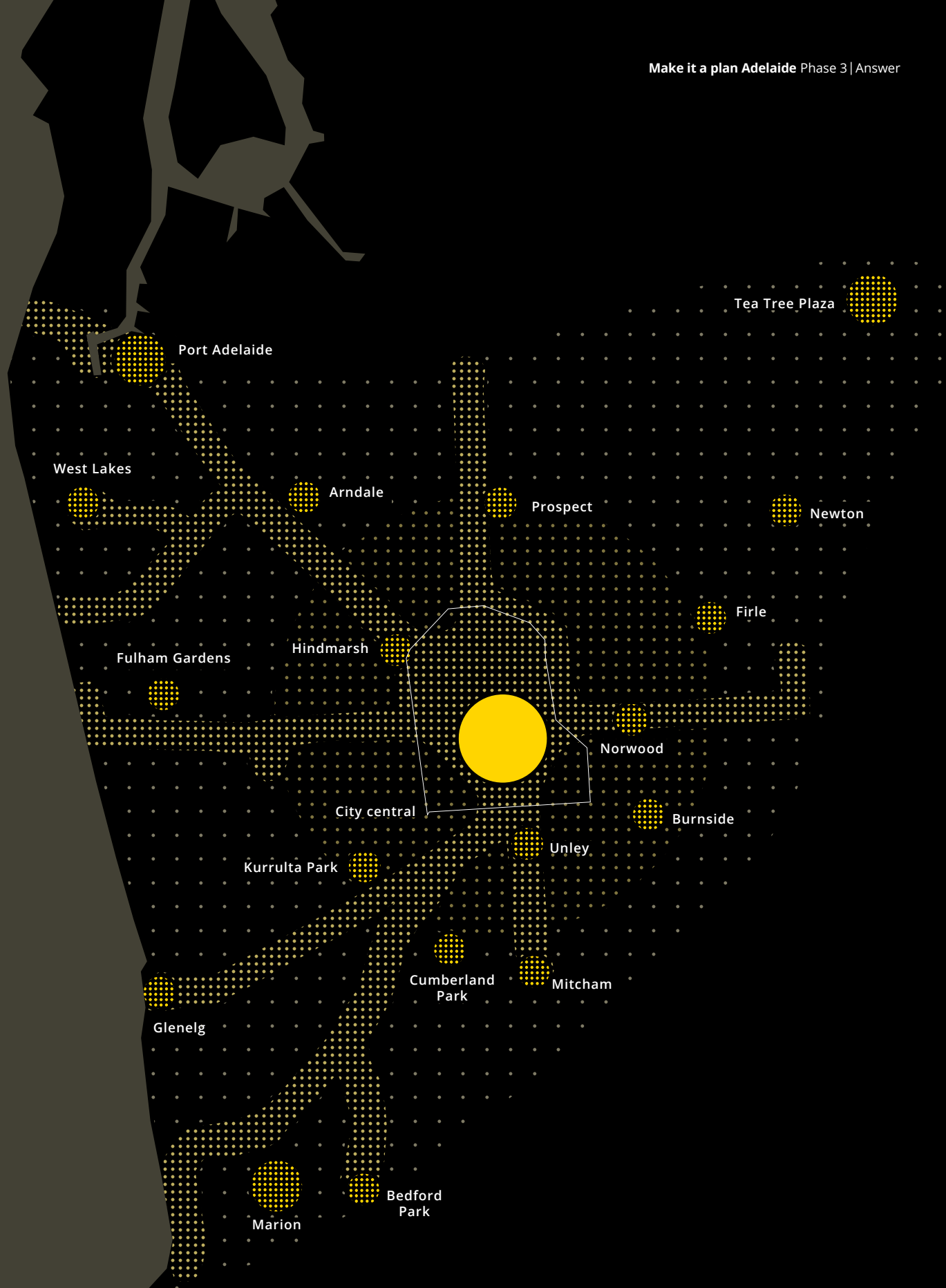
**City central**  
Dynamic, inner city living environment with a full range of services and employment opportunities.

**Activity centre environs**  
Village based living environment with medium density housing and a broad range of services.

**Transit corridors**  
Highly accessible 'main street' living environment with good services and employment choices.

**Inner urban**  
High character urban living environment with good accessibility to services and employment opportunities.

**Sub-urban**  
Affordable and high quality living environment with a focus on open space and family needs.



**What will our city look like in 2027?**

For South Australia to reach a population of 2 million by 2027, an additional 120,000 people will need to live in Adelaide's middle metropolitan area compared to today. Deloitte partnered with leading architecture and urban design firm Hames Sharley to consider what Adelaide might look like under this scenario, while still retaining our advantages as a liveable and affordable city. Our work with Hames Sharley presents how an increased population can be accommodated over ten years without negatively impacting the liveability of our city – which will be a key differentiator as we continue to grow.

## It's essential that all Adelaide residents continue to choose where and how they want to live.

What's essential is that all Adelaide residents continue to choose where and how they want to live – with a range of lifestyle and living choices to meet differing needs. Not everyone wants to live in an inner-city apartment or a house on a quarter-acre block, nor do they want to be locked into those spaces for a lifetime. Core to attracting and retaining the best and brightest is the availability of housing options which support different people at all stages of their lives.

And Hames Sharley, together with Deloitte, believe this is not only possible, but a key opportunity for Adelaide to embrace. Hames Sharley designated five lifestyle categories which describe how people will live in Adelaide in 2027. Many of these are the same as what exists today, but going forward, we'll see growth across all lifestyle categories

to accommodate a larger population. Hames Sharley developed detailed population distribution modelling to evaluate the growth potential of each category, considering the expanded activity centres and proposed light rail transit corridors in the 30-Year Plan for Greater Adelaide.

**Adelaide's CBD and North Adelaide**

will significantly increase its current population in a scenario where South Australia has a population of 2 million. Residents live in a dynamic, inner-city environment, primarily in high density apartments or other attached housing. Diverse employment opportunities are conveniently located and accessible by public transport or on foot, while a full range of services and activities are similarly nearby. Private open space is more limited, but the public environment is of high quality.

**Activity centres** are village-based living environments with medium density housing and a good range of services and activities conveniently available. Shopping, health and recreational amenities are located nearby, while travel might be required for government, professional and cultural services. Public transport choices are available where activity centres are linked to transit corridors, but private travel is otherwise required. Housing choices are focused on attached and medium-density apartment living, with occasionally constrained private open space but a good quality public realm.

**Transit corridors** are highly accessible 'main street' living environments with high-frequency public transport readily available to connect with employment opportunities and services. Transit corridors will develop around new rail routes across Adelaide. Public open space is generally of a good quality, and will continue to improve as population and density increases. Housing choices range from one and two-storey detached dwellings through to low-rise apartment blocks, with only some private open space available.

**Inner urban areas** are environments with high character and good accessibility to a range of services through local centres. Job opportunities are more limited in the immediate area, but are easily accessible through public or private transport within 3 to 5 kilometres. Houses are typically one and two-storey detached dwellings at a high price point, with some low-rise apartments or townhouses closer to local centres. Private open space is broadly available, while the public realm is of a very good quality.

**Sub-urban areas** feature affordable, detached dwellings with a focus on open space and catering to family needs. Travel modes are generally limited to private transport and bus routes, with longer travel times necessary to access employment opportunities and amenities at local centres. Public areas are generally of good quality, but larger private open space options are the norm.

#### What else needs to change?

Growing our population to 2 million and targeting eight growth sectors will be complex and multifaceted. There are many things we'll need to do – some of which are detailed in this report – to make this chapter real and ensure South Australia flourishes on the path of economic transition.

Our consultations with stakeholders elicited five key drivers which we need to get right to support our transition. These aren't actions in and of themselves, but rather they underpin the opportunities detailed in the following chapter.

**Infrastructure** includes physical and digital infrastructure – both of which are vital to connect Adelaide from suburb to suburb, region to region and on to the rest of the world.

**Liveability** is one of Adelaide's key advantages, and something we must ensure we retain as our population grows sustainably. Our vision centres on an integrated 'city of villages' design, with medium and high density living where appropriate, and a focus on community and vibrancy.

**Risk taking** acknowledges that South Australia generally plays it safe, with a conservative attitude towards risk and investment. We need to encourage risk, acknowledge that failure is part of the learning process, and move along old protectionist attitudes.

**Workforce** recognises that we have issues retaining our best and brightest, who leave to pursue job opportunities more attractive than those available locally. At the same time, the way people work will continue to change in the future, with new technologies increasingly disrupting existing sectors and occupations.

**Perception** acknowledges that the negative ways in which South Australians think about themselves are self-defeating, and seeks to re-brand our state both nationally and internationally.

## 3

# Our action plan

**We know that South Australia's future will be different to its past. But in order to be successful, we need to shape our future – not watch it happen.**

Our research and consultations uncovered a series of 25 opportunities to kick-start the transformation of Adelaide and South Australia. These opportunities span across our eight key sectors and beyond, and rely on our five drivers – infrastructure, liveability, risk taking, workforce and perception – as the building blocks of future growth. They're not listed in any particular order, but are instead grouped into three areas:

- Opportunities for the city and middle metropolitan area
- Opportunities for the outer suburbs and regions
- Opportunities which are relevant state-wide.

Importantly, this plan isn't about any one opportunity. All of us – in the private sector, government and as citizens – have a part to play in driving a more prosperous and exciting Adelaide. And part of that is to acknowledge and seize what's already here today.

We've also focused on a series of opportunities rather than one or two big ideas, because it's important we diversify our economy – and boost our population

at the same time. Any plan for the future must acknowledge that circumstances will change, and while not all of these actions may become a reality, better ones will come along. What's essential is that we elevate our thinking to see what's possible in 2027.

As promised in our first report, most of these opportunities are for the private sector to step up to the plate. While we sometimes need governments to lead or assist, we now need strong leadership from the private sector to invest in South Australia and transform our economy, while making good returns.

We'll know we've been successful when we think differently about Adelaide. When the conversation isn't about what the government's doing, but about what South Australian businesses are achieving all over the world. When more people are choosing to live and work in South Australia, not leaving for greener pastures elsewhere.

We've got a long way to go. But the truth is, you can make it in Adelaide. And we're going to prove it.



## Our city



Adelaide, a city of villages



Public transport solutions for a future Adelaide



Positioning the Market District as the village square



The Riverbank as our city's front door



Further development in Adelaide's Health and Biomedical Precinct



Establishing North Terrace as a destination



South Australia's universities as idea factories



Taking advantage of the Old Royal Adelaide Hospital site



Developing and reinvesting in Adelaide's hotels



Adelaide Airport as a facilitator of further growth



Investment in digital infrastructure



Claiming our fame as the Festival State



Adelaide as a global medical services destination

## Our suburbs and regions



South Australia's wine regions



Making the most of the defence contracts



Our businesses getting bigger and better



Energy opportunities spanning both gas and renewables



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Using digital government to reduce the regulatory burden for business



The promise of immigration and the pathway there



Building South Australia and thinking differently about infrastructure



Transforming South Australia by attracting head offices



A renewed branding strategy



# Our city Overview

**As we look towards 2027, we need to capitalise on opportunities across our city – both in the CBD and into the middle metropolitan area. And the good news is that we have a plethora of opportunities on which to proceed.**

Creating a city of villages is a way to service smaller, denser population groups where people can live within close proximity to where they work, while better servicing the needs of the local population.

Our villages will be built around a renewed focus on public transport solutions for a future Adelaide – one where we invest in high quality public transport to create more accessibility and promote liveability.

The Adelaide Central Market offers the ability to grow and develop significantly – from expanding the market itself through to harnessing the unused airspace above the site. As we head towards 2027, our city needs to be able to service the increase in visitors – locally and globally – and this is where the hotels sector steps in. We need to ensure that the pipeline of hotels is secured and developed, with the Airport as the gateway – to continue showcasing Adelaide as a world-class destination.

We also need to start thinking about the Riverbank as three separate, but integrated and unified precincts.

The Health and Biomedical Precinct, together with the institutions along North Terrace and the Old Royal Adelaide Hospital site, provide significant potential. From heritage buildings to local attractions and sights, establishing North Terrace as a destination is critical in driving interest, investment and visitors. As a city of ideas, we can continue to drive the impact of our universities and education sector both along North Terrace and beyond. And the Old Royal Adelaide Hospital site presents one of the most significant urban renewal opportunities in the history of South Australia.

The other component that drives many of these opportunities is an unrelenting focus on digital. We need to infuse Adelaide with cutting edge digital technologies across all sectors – to drive connectivity, accessibility and innovation.

2027 will be here before we know it and the opportunities for action within our city need to be activated today, in order to build the robust future of tomorrow.

# Our city

## Opportunities

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# Our city Adelaide, a city of villages



**Adelaide's liveability is one of its key advantages over other Australian cities, which is vital to attract the best and brightest to South Australia. We need to put the liveability of Adelaide front and centre as a sustained design principle as our city and economy grows. This principle should form the basis of much of our international brand development.**

Urban villages are a way to service smaller, denser population groups where people can live within close proximity to where they work. The villages design intends to reduce traffic congestion and commute times through enhancing transit use, as well as better servicing the needs of the local population with cultural and civic centres, retail and entertainment precincts, school and education services, as well as facilities for healthcare, child care and aged care.

Villages create a lifestyle in which you can get more of your life done around places that you can walk to – places where you can pop into the supermarket on the walk home from work, where you can wander leisurely to brunch on the weekend, and where the school drop-off is on the walk to the tram stop.

Developing urban villages requires a change in the role of public transport and how we approach urban design. Extending Adelaide's tram network

throughout the city and outward to and through the inner suburbs would be a catalyst for the growth and development of villages outside the CBD. But according to Hames Sharley, we also need to develop upgraded planning and incentives policies to encourage more medium density, mixed-use developments within villages. Managed and planned well, these developments can add to the character of an area, by creating more street activity and improving land-use diversity and employment opportunities while preserving our natural and built heritage.

In Adelaide, a city of villages would incorporate the four villages of the CBD – the East End, West End, South East and Hutt Street Precinct and the Southwest Corner – plus extend across the inner suburbs to urban villages such as Norwood, Thebarton and Prospect.

In turn, developing villages would support other sectors, generating economic activity in the suburbs. Villages create the right conditions to support businesses servicing the local population. And as populations within villages grow, policymakers should explore the expansion of small venue licensing to inner city areas and consider easing restrictions on trading hours – generating additional business opportunities, as well as providing greater flexibility for consumers.

Greater investment in cycling infrastructure is also important for inner city villages. Even though Adelaide is home to the largest cycling race in the southern hemisphere, the Tour Down Under, we have one of the lowest incidences of people cycling to work in Australia's capital cities.<sup>9</sup> Smarter investment in new dedicated bikeways throughout villages and to the city could create a more usable and efficiently connected network – meaning that hours sitting in the car each week could be something of the past.

# Our city

## Public transport solutions for a future Adelaide



**Our vision of Adelaide is fundamentally different to the one that exists today. It's one where many of us choose to live in urban villages along transport corridors and near main streets in places like Prospect, Thebarton and Norwood. Places where, like many residents living in the Southwest Corner do now, you can choose to get rid of the second car – or to not have one at all.**

The foundation of urban villages is excellent infrastructure, and particularly public transport infrastructure. Residents rightly demand high quality public transport not as an added benefit of urban living, but as a prerequisite for a development's social licence to proceed in the first place. Transport infrastructure also increases the level of certainty for potential investors, who might be considering new developments across Adelaide. At the same time, public transport is crucial in linking Adelaide's outer suburbs to the CBD. That's why we think it is critical that South Australia embraces an expansion of its public transport network.

### Tramways to heaven

Adelaide was a city built on trams. Our wide streets were designed for the horse and buggy, but in the first decade of the 20th century, the horse trams were replaced by an electric tram network which extended from Henley Beach to Morialta, and from Kilburn to Mitcham. This historical network is reflected in our main streets today, many of which are clusters of development along old tram corridors.

Trams are not necessarily faster than buses and are, in some ways, less flexible. But as the success of tram extensions in Adelaide and elsewhere shows, their superior comfort, legibility and predictability mean that light rail developments have the power to encourage passengers to get out of their cars and get on board.

In order to support the population growth laid out in this report, an extensive tram network – north, south, east and west – should be constructed. For the purpose of our analysis, we have adopted the network identified in the Integrated Transport and Land Use Plan,<sup>10</sup> but there are still questions to answer, such as whether or how to deliver light rail on the Outer Harbor line.

The development of Adelaide's tram network has been talked about for almost a decade now. And the most contentious debate is always which corridor to build first.

This debate is the wrong one. The value of the whole future tram network will be much more than the value of each corridor individually. Significant network benefits will flow from the service being truly extensive enough such that people can make different choices about how they live and travel. Elements of the network which move through the CBD have rightly been delivered first to create the backbone of the system. But in extending this network beyond the parklands, somewhere has to be the first.

The right way to answer this question is to analyse the engineering needs of the network as a whole, future patronage and road traffic, the opportunity to create urban villages and the most efficient construction work plan. The wrong way is to make decisions based on which seats are the most marginal. That's why we recommend that the first task of the new independent infrastructure body, Building South Australia, is to identify the construction plan for the network – independent of the political process.

Of course, trams don't come cheap. The network as a whole would cost several billion dollars. A great deal of that cost will be borne by Government – Commonwealth or state. But there's considerable opportunity for value capture along many of the corridors. Value capture is not the panacea which it's sometimes marketed as, but Government could undertake joint venture developments with the property sector on commercial terms to make the most of rising demand.

There's also scope for private sector involvement on the delivery side. Public private partnerships (PPPs) for the delivery of public transport typically take the form of availability charges, paid under a build-operate-transfer scheme. This sort of PPP could be attractive, if it assisted Government to develop the scheme more quickly and smooth its investment profile, but it should be approached carefully. The cost of capital for the public sector is currently relatively cheap and there are delivery risks in both the construction and operation of a PPP tram scheme which would need to be well managed before the Government proceeded down this path.

### Leavin' on that midnight train to Aldinga

While trams will underpin the urban villages in the inner city, the backbone of our future suburban public transport system will be the O-Bahn and the heavy rail network to the north and south.

Urban consolidation and expansion north and south over the next decade will necessitate continued investment in rail. In the first instance, the electrification of rail to Gawler remains a key priority to drive modal shift to public transport by improving vehicle speed, enable increased frequencies and enhancing passenger comfort. Toward the end of the decade, the expansion of Aldinga and areas around Gawler are likely to bolster the business case for rail extensions to service those communities.

Of course, the significant weakness of our rail network is that it terminates at one location on the edge of the CBD. As we indicated in our discussion paper on cities, a decade from now, Adelaide will be around the same size that Perth and Melbourne were when they planned their underground train loops. Government plans – dating back to the Metropolitan Adelaide Transport Study and as recently as the Integrated Transport and Land Use Plan – have flagged its development. There is no doubt that it is a very significant – and expensive – project. But as we said in our earlier report, we believe that an underground loop should be a larger part of public debate.

# Our city

## Positioning the Market District as the village square



**Many South Australians wouldn't realise that the Adelaide Central Market is the largest undercover market in the southern hemisphere. Founded by market gardeners as a retail alternative to the East End Market, trading commenced at the site in 1869 with gas lighting and a couple of fences.**

Fast forward almost 150 years, and the Central Market is loved by locals and visitors alike – now a bustling market home to an eclectic mix of over 80 stalls and holding the title of South Australia's most visited tourist attraction. The recognisable brick façade was built in 1900, with a series of redevelopments in the 1960s transforming the site to what it is today.<sup>11</sup>

But it's time for the designs of the 1960s to make way for the market of tomorrow. In 2018, the City of Adelaide will take control of the adjacent Central Market Arcade, with redevelopment plans already in the works.<sup>12</sup> This represents a significant opportunity – not only to expand the Central Market, but to develop the Market District as Adelaide's core food and wine destination. The site needs to cater for the growing population in the city's southwest corner, as well as providing rich experiences for both locals and visitors.

The Central Market Arcade redevelopment isn't – and shouldn't be – a government infrastructure project. It's a chance for the private sector to step up to the stage and partner with the Council to present the best they have to offer to Adelaide and the world.

Imagine what could be done above the site – whether that be luxury apartments or food and beverage research labs. Coupled with mixed-use precincts on the ground and basement levels and an expanded Central Market, the site has the potential to radically transform the Market District into a place ready for the future while still retaining the authentic character of the Central Market as a food market at its core. A place that's lively at night, with laneways like Market St and Field St active and full of people, alongside the new arcade and Victoria Square as the central hub of activity.

But the opportunities don't stop there. The arcade redevelopment will be a catalyst for private investment in the broader Market District and beyond, with other areas ripe for redevelopment in the coming years – particularly as the population living nearby soars with students, retirees and office workers.

The Central Market Arcade redevelopment will take some time, but there are still actions we can take now to further boost the Market's success. Regional stalls can be installed where there's room – stalls like the relatively new Kangaroo Island Stall, which support employment in the regions and allow retailers to showcase their products in front of 8.5 million visitors. Continuing the uptake of digital technologies and meeting the expectations of busy shoppers today, but still catering to those who've been shopping at the market for decades.

These plans are taking shape now. But we need Adelaide to get behind them, to take some risks and welcome a new era for the Adelaide Central Market.

# Our city

## The Riverbank as our city's front door



**The Torrens winding its way through the city of Adelaide is a classic postcard image. But only recently have we begun to think of the Riverbank as a unified precinct – stretching from Gilberton to Bonython Park, including the Health and Biomedical Precinct, Adelaide Festival Centre and the North Terrace Cultural Precinct, and the Old Royal Adelaide Hospital Precinct. Looking onto the river are also a number of our premier entertainment venues, including the Adelaide Casino and Adelaide Oval.**

Over the past couple of years, the Riverbank Authority has been tasked with transforming the Riverbank into the front door to the world and Adelaide's own backyard.<sup>13</sup> We've seen the extension of the Convention Centre and the redevelopment of the Festival Centre, with significant public works still in train to connect these areas for

pedestrians. More recently, SkyCity has announced its intention to proceed with a refurbishment and expansion of the Adelaide Casino,<sup>14</sup> as well as Walker Corporation's planned investment as part of the Festival Plaza redevelopment.<sup>15</sup>

Of course, there are many more opportunities for public and private investment along the Torrens' banks, some of which are detailed in the following pages. But the Riverbank shouldn't be considered as a series of public and private infrastructure projects; rather, it's three separate, but integrated precincts. And these precincts need to be thought of as such, with a focus towards the river, not with our backs to it – as has been the case for many years. While establishing the Riverbank Authority is a great first step, we can do more to ensure its development, including giving teeth to the Authority as the body providing coherence to otherwise disparate projects.



# Our city

## Further development in Adelaide's Health and Biomedical Precinct



**The skyline on the western end of North Terrace is dominated by new buildings – from the recently opened Royal Adelaide Hospital to the striking South Australian Health and Medical Research Institute (SAHMRI), the University of Adelaide's Health and Medical Sciences building and the soon-to-be completed UniSA Health Innovation Building. Collectively one of the largest health clusters in the southern hemisphere, South Australia's Health and Biomedical Precinct is taking shape.**

But for SAHMRI, the focus is firmly on the future – with a second building already on the cards. Majority-funded by private sector investment, SAHMRI 2 will add an extra 31,000 square metres in total floor area, will house 20 to 25 clinical trial rooms, and offer 11 floors of dry lab space. The first three floors are already secured by SAHMRI and will be occupied by 400 researchers – 30 per cent of which are from interstate and overseas. The building is scheduled for completion in 2021.<sup>16</sup>

SAHMRI 2 will also incorporate the Australian Bragg Centre for Proton Therapy and Research, Australia's first proton beam therapy unit. Proton beam therapy is a targeted way to treat cancer, with three treatment rooms to be installed in Adelaide. SAHMRI expects the treatment will be accessed by people living across Australia, as well as by international patients from across central and southern Asia. Current alternatives

see patients flying to the United States for proton therapy treatment, but Adelaide now has the potential to be a key medical destination.

One of the core benefits of the Health and Biomedical Precinct is co-location. With thousands of researchers, clinicians and students all based in the one precinct, there are ample opportunities to collaborate and learn. Indeed, networking effects are a key benefit of integrated precincts, where close proximity allows for the communication of ideas between researchers and industry participants. Institutions such as the South Australian Academic Health Science and Translation Centre, also based at SAHMRI, can further assist in translating research into deliverable healthcare outcomes.

There still remain significant opportunities for investment in and around the Health and Biomedical Precinct. For example, there will need to be enough short-stay accommodation to house proton therapy patients and their families for multi-week stays, as well as the relatives of patients visiting the nearby Royal Adelaide Hospital from regional South Australia.

Importantly, the Health and Biomedical Precinct still has room to grow – and given that the first SAHMRI building is at capacity well ahead of schedule, there's even potential for a third building nearby. This would not only cement the Precinct as world-leading, but would help to continue the work of researchers,

clinicians and students in improving health outcomes for South Australians and people living across the world. In addition, there are commercial opportunities for businesses to spin out of the Precinct, into the broader West End once they grow beyond the startup stage.

# Our city

## Establishing North Terrace as a destination



**Situated on North Terrace are some of Adelaide's most prestigious buildings. From Parliament House to the Art Gallery, Freemasons Hall and through to Ayers House: many of the buildings, and the institutions housed within them, are important in both a local and global context. But with the North Terrace redevelopment in the mid-2000s now a distant memory, it's once again time to think about the opportunities presented by the precinct.**

The North Terrace Cultural Precinct is, and should be, a destination in its own right.

With a tramline to be running down its length by March 2018 and bookended by investment on either side, there's now a significant opportunity at hand to reposition North Terrace as the core precinct of cultural activity in the city. Key projects which are in the initial planning stages include a redevelopment of the South Australian Museum, as well as the potential for Adelaide Contemporary on the Old Royal Adelaide site and the subsequent renovation of the current Art Gallery. But it's possible that public funds won't spread far enough for all these projects. Just as we've identified plenty of opportunities in this report for the private sector to invest for a return, we think that these projects could be a place for the private sector to invest philanthropically alongside the public sector.

It's also time to consider the southern side of North Terrace. For too long, heritage buildings have been left empty as the areas surrounding them have been renewed. With the tramline and other investments along the Riverbank, the time is right for private investors to take another look at those buildings and think about their future potential. These investments provide the opportunity to connect the Riverbank precincts through to the CBD and our prime shopping facilities, and to create interesting places for visitors.

Our institutions are also well placed to develop an integrated Aboriginal cultural offering. The South Australian Museum, for example, has the largest collection of Aboriginal artefacts in Australia, while both Tandanya and the Art Gallery have significant collections of Aboriginal art. Building on the success of events such as Tarnanthi, it's time to better recognise and display our own cultural and Aboriginal heritage.

These projects solidify the case to develop a brand for North Terrace – one which highlights its attraction as a destination for both locals and travellers. We can then consider other changes which make sense under the North Terrace brand, like extended opening hours on Thursday and Friday nights, or unified marketing interstate and internationally.

# Our city

## South Australia's universities as idea factories



**Universities push the frontiers of knowledge and are the engine rooms of the modern economy. Universities teach people how to think critically and creatively, producing a workforce that is innovative, adaptive, and highly productive. But universities also generate new ideas and undertake research to solve current and future problems.**

While the importance of government support and funding for the higher education sector goes without saying, it is equally important that the private sector – particularly in the key industries we have identified – increase their engagement with universities to better take advantage of their research. The opportunities from this engagement include but extend well beyond applied science, to sectors such as our creative industries.

South Australia has a number of highly-ranked universities, the largest being the University of Adelaide, the University of South Australia (UniSA) and Flinders University. In 2016, these three universities had a combined workforce of some 8,700 people – all significant employers in their own right.

South Australia's universities also make a significant contribution to the state's economy through international education. The contribution of international education to South Australian gross state product was estimated to be around \$954 million in 2015, making it one of the state's

single largest drivers of economic and export activity.<sup>17</sup>

This activity extends well beyond the Adelaide CBD. Flinders University, for example, with its two main campuses located at Bedford Park and Tonsley in Adelaide's southern suburbs, employs some 2,300 people – approximately 26 per cent of the total university workforce.<sup>18</sup> Both UniSA and the University of Adelaide also operate campuses in suburban Adelaide and country South Australia.

More can be done to help grow the sector into the future. Currently, all three universities have plans to expand and improve the quality of their teaching and research outcomes, as well as the student experience, by upgrading campus facilities. An important component of the future growth of South Australia's university sector is the continued expansion of international education. In comparison to the recent past, however, the emphasis will be on attracting students from a broader range of countries to a more diverse offering of courses and qualifications, particularly around health and science, technology, engineering, and mathematics (STEM) subjects.

Building on our strength in the sector, all three of our major universities in South Australia have significant plans to continue to grow. UniSA has a significant capital program in Adelaide's West End, with its landmark ceremonial building

Pridham Hall opening next year among a range of investments across City West, Mawson Lakes and City East.

Down North Terrace, the University of Adelaide has mapped out an ambitious master plan for the next twenty years, including a new statement entrance building on North Terrace which will better connect the University to the city. And at Bedford Park, Flinders University has considerable plans for a urban village between the heart of its campus and the new Flinders train station, which could be worth \$2 billion over the next two decades.

Each of the universities' capital plans provide considerable opportunity for private investment, either directly alongside the university, or in projects which complement the investments being made on campus.

Building the university sector needs enthusiastic partners in both Government and the private sector. While there's a lot of enthusiasm in parts of government and industry to grow our universities, more needs to be done to clear bureaucratic roadblocks which hamper the growth of South Australian universities across all levels of local, state and Commonwealth government.

Continued private sector involvement to support the state's university sector could also spur growth. Greater

choice and availability of student accommodation at different price points could enhance the attractiveness of South Australia's universities to international students from a broader range of backgrounds and countries. Similarly, difficulties in finding private providers in the health and medical industries to provide structured traineeships or internships is limiting the capacity of universities to expand their offering to international students across a more diverse range of subjects. Of course, there are synergies here with expanding global health services as an industry in South Australia.

Furthermore, each of the state's largest universities are investing heavily in research precincts and in establishing innovation incubators, all intended to reach out and create greater linkages with the private sector. These include SAHMRI and SAHMRI 2 on North Terrace in Adelaide's CBD, the Tonsley innovation precinct in Adelaide's southern suburbs, as well as innovation incubators such as the New Venture Institute (NVI) at Flinders University, ThinCLab at the University of Adelaide, and the Innovation and Collaboration Centre at UniSA.

It's now up to the private sector to take advantage of the knowledge and resources that universities have to offer – from the commercialisation of research to engaging with researchers on current issues to benefit industry.

## Our city

# Taking advantage of the Old Royal Adelaide Hospital site



**The Old Royal Adelaide Hospital (ORAH) site presents one of the most significant urban renewal opportunities in the history of South Australia. And both public and private investment will be crucial to making the precinct work and fulfilling its significant potential.**

The ORAH site lies at the intersection of a few of Adelaide's most lively precincts. To its west, North Terrace boasts the state's premier Museum and Art Gallery, as well as the University of Adelaide and the University of South Australia (UniSA) at City East. To its south lies the East End and Rundle Street, a paradise for foodies and busy students alike looking for a strong coffee, and a place to shop. Just east of the ORAH site is the Botanic Gardens, a focal point of the green belt.

The precinct is walking distance from the centre of the city and is soon to be linked by a tram down North Terrace – and if the opportunity to complete the tram network is taken up, the precinct will have a direct route to the eastern suburbs.

Spread over seven hectares and managed by Renewal SA, the site presents significant opportunities for redevelopment. We believe that of the eight sectors which we have identified, there's opportunities for at least half to flourish at the ORAH site going forward.

The long mooted Adelaide Contemporary would become a globally important cultural destination, as well as an important meeting place for people across Adelaide and South Australia. Adelaide Contemporary would also help attract complementary creative industry investment to the ORAH precinct and the East End. Of course, it would also be central to the visitor economy – with the Government launching a registration of interest process for a new, minimum five star hotel to support visitation to what could become an iconic destination.

The location of the site adjacent to two of South Australia's universities also creates opportunities to continue the growth of international education, potentially through innovative models of service delivery. Neighbouring the universities is also a boon for the growth of technology and digital businesses – especially for significant global corporates and start-ups for which it is valuable to co-locate with university students and researchers. We believe this site could become globally recognised as a unique urban development success that integrates education, innovation, culture and the arts with a unique connection to the vibrancy of our city and our unique parkland offering.

# Our city

## Developing and reinvesting in Adelaide's hotels



**There is a strong pipeline of hotel developments in Adelaide, but we need to ensure that the developments actually go ahead and are finalised end-to-end.**

The tourism statistics paint a powerful picture. Total tourism expenditure has grown to a record \$6.3 billion, up 4.9 per cent for the year to June 2017. South Australia attracted 6.2 million domestic overnight visitors, up 0.5 per cent and 435,000 international visitors, up 3.1 per cent on the prior year.<sup>19</sup>

There is significant opportunity to continue growing the visitor economy, but this is reliant on fulfilling and committing to the already established pipeline of infrastructure projects across the hotel sector in Adelaide.

As Deloitte's Tourism and Hotel Market Outlook indicated, Adelaide's hotel market saw some of the nation's healthiest gains in the first half of 2017. Average daily room rates increased by 1.7 per cent to \$147 and revenue per available room grew 2.6 per cent to \$114. Trend occupancy rates saw growth of 0.9 per cent, reaching an average rate of 77.8 per cent in the city. The increase in occupancy rates represented stronger performance over the past six months compared to the same timeframe in 2016.<sup>20</sup>

Of course, the stand out month is March, coinciding with the festival season. Occupancy rates reached 84.6 per cent and room rates averaged \$174, both well above the trend average.

New hotel developments are key for South Australia to make the most of its burgeoning visitor economy, and to capitalise on the opportunities presented by redevelopments like the Adelaide Convention Centre and Adelaide Oval. There is also great potential to reinvest in our current hotel stocks and for buildings on both the north and south side of North Terrace, as well as harnessing the heritage aesthetic of Adelaide.

It's important to closely monitor the timings of projects and whether any anticipated new projects are pushed out. Supply growth is expected to see 125 rooms added in 2018 and 708 new rooms (from five projects) in 2019,<sup>21</sup> but some projects have faced delays or cancellations. On the other hand, the Government has opened an expression of interest process for a new hotel on the Old Royal Adelaide Hospital site. Crucially, we need to realise the opportunities in Adelaide's hotel market, to capitalise on the increase in both international and domestic tourism going forward, as well as related opportunities, including global medical services and international education.

# Our city

## Adelaide Airport as a facilitator of further growth



**As we've argued throughout this report, the most important economic opportunities for our state over the decades to come are from the opportunities to accelerate both goods and services exports. Given our location, the quality and efficiency of our interstate and international gateways is vital to our economic prosperity.**

A number of South Australia's key sectors for growth – tourism, international education, professional services and the highest-value parts of agribusiness – are dependent on excellent airport infrastructure and its capacity into the future. Adelaide Airport is a major gateway for the visitors that make up South Australia's \$6 billion tourism industry, plus having more frequent international flights to a wider variety of destinations will make our city a more desirable place to study.<sup>22</sup>

Adelaide Airport expects that recent trends in aircraft markets will increase the number of international destinations with direct flights to and from Adelaide, and that the total movement of aircraft through the airport will grow at 3 per cent per annum. This will service a 5.4 per cent yearly increase in international passengers, including many international students and tourists.

Given the central role that the Airport plays in the state's economic

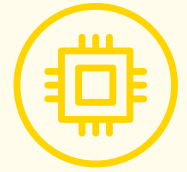
development, Adelaide Airport releases a master plan every five years so that stakeholders can have knowledge and confidence in the development of this vital infrastructure. The Airport's Master Plan details a plan for how the Airport will leverage private investment to drive its ongoing growth, as well as contribute to economic growth.

Key elements of this Master Plan include the hotel development already underway, and then in the future, the expansion of the terminal building at its southern end, the construction of additional international gates and the expansion of customs and immigration processing, and plans to improve the handling of flights to regional South Australia.

In addition to investments to be undertaken by the Airport and private investors, we've also highlighted separately the opportunity to enhance ground transport by building a tram link to the Airport, as well as ensuring ongoing investment in arterial roadways to secure the unimpeded movement of freight as well as people. The success of the level of investment secured around the privatised airport model is due to the policy rigour that has underpinned aviation regulation and the stability of the economic regulation regime in Australia. This highlights the important role that government can play in providing strong policy, regulatory stability and taking a long term view.

# Our city

## Investment in digital infrastructure



**We need to fuse the worlds of digital and infrastructure. Both need to work hand in hand to ensure that there is far more connectivity between Adelaide, regional South Australia and the rest of the world. By having a strong digital infrastructure approach, businesses across South Australia can focus on putting customers first, while entrepreneurs can concentrate on their next idea rather than their download speed.**

There are a number of projects currently on the cards in South Australia – some of which are already in or close to operation, while others are still in earlier stages. Supporting digital projects is critical, as digital technologies can open up significant opportunities for small and medium-sized businesses to grow and innovate, as well as supporting larger, more established businesses to continue to mature.<sup>23</sup>

GigCity Adelaide, for example, is delivering 1 gigabit synchronous Internet access for businesses at a series of 14 innovation precincts located across metropolitan Adelaide. But there's future potential to connect even more precincts to the high-speed network, with a recent expressions of interest process attracting significant attention. In the future, connecting precincts in regional South Australia could generate opportunities in areas which might otherwise miss out on the benefits of digital technologies. This infrastructure has the potential

to facilitate private sector investment around the precincts, both commercial and residential, where precincts intersect with village developments. Raising awareness within the business community is a critical next step.

The opportunity presented by Ten Gigabit Adelaide is also imperative – with the City of Adelaide preparing to be the first capital city in Australia to build a network enabling synchronous 10 gigabit data transfer speeds.<sup>24</sup> It's crucial that we support projects such as Ten Gigabit Adelaide to ensure our city is an attractive place for technology workers to live and businesses to invest.

And when it comes to 5G, we could offer up Adelaide to host a trial – with numerous benefits uncovered around complementing broader ecosystems and providing seamless connectivity.<sup>25</sup>

Adelaide needs to think of itself as a thriving hub of innovation and digital development. The digital infrastructure of a Smart City allows entrepreneurs to access data that can unleash tremendous value. It also promotes the creation of a network of partnerships between all levels of government, business, non-profits, community groups, universities and hospitals, all focused on a similar goal of creating a smarter city.<sup>26</sup>

These digital endeavours are set to make a significant impact in the context of Adelaide and South Australia's economic transition.



# Our city

## Claiming our fame as the Festival State



**We might not proclaim it on our number plates anymore, but South Australia still holds the title of the Festival State. In 2016, over half of all festival tickets sold across the nation were to South Australian events. And the Adelaide Fringe sold the most tickets of any festival across Australia, retaining its place as the second largest open access fringe festival worldwide.**

Despite increasing competition from cities interstate, Adelaide's festivals continue to grow in scale and diversity. Economic analysis commissioned by Festivals Adelaide – the industry's peak body, representing 11 festivals – shows that the sector is growing at an average of 10 per cent each year.<sup>27</sup>

But we've hardly scratched the surface. South Australian residents continue to have a unique engagement with the arts, with Adelaide often picked as a ripe testing ground to trial new ideas. We can capitalise on this period of civic openness to test new products across all industries, as well as to create social and material change.

Significant growth will continue to come from interstate and overseas visitors. But as the market becomes increasingly sophisticated, we should invest to ensure we're competitive with other cities – cities which steal our ideas and try to beat us at our own game. We need diverse accommodation options for the arts market which can cope with the peak demand seen in February and March, as well as efficient cross-city transport options to hop between venues. Better utilising our natural advantages, such as our favourable weather and close proximity to regional destinations, can create unique experiences for locals and tourists alike. Further investment in creative infrastructure – such as event-ready spaces and artistic venues – will also cement our place as a world-leading festivals destination.

There are also global opportunities beyond international tourism. We can use the festivals as a platform to launch and foster international business and trade relationships – with OzAsia a leading example. At the same time, South Australians can continue to export their work across the world, through programs such as the Honey Pot at Adelaide Fringe.

But we can't just rest on the past success of our artists and festivals. Growth will come from embracing new ways of doing old things – like using technology to enhance the consumer experience, or building common infrastructure across events. We should take advantage of Adelaide's openness to new ideas, plus our growing start-up sector, to develop a knowledge cluster around festivals and events technology.

Finally, we need to invest in the people that make it all happen. South Australia is a logical home base to educate the workforce which delivers festivals, especially given so many of our experienced workers use Adelaide to springboard across the world. We must also provide the right support for talented artists and makers, whether through private investment or public initiatives, to ensure they continue to choose Adelaide as the best place to do creative business.

It's time for Festivals Adelaide to take the lead and reclaim our fame as the Festival State.

# Our city

## Adelaide as a global medical services destination



**There is an opportunity to position Adelaide as a quality destination for global medical services. Fundamentally, global medical services (often termed medical tourism) can be defined as the process of patients travelling abroad for medical care and procedures, usually because medical procedures are less available or less affordable in their own country.<sup>28</sup> It can range from health checks to more complex or longer stay procedures.**

Growing medical tourism can certainly be seen as an economic opportunity for the state – supported and brought to life through the right infrastructure, policies and regulatory developments.

This initiative can drive benefits for both Adelaide and the international tourists who visit. South Australia has a robust reputation for industry-leading medicine and medical breakthroughs, particularly through the Health and Biomedical Precinct and the upcoming proton beam therapy unit. At the same time, there is a sense of ease in being a visitor to Adelaide. The proximity to many places

and the clean environment, culture and food industry, alongside quality care and lifestyle, means it becomes the perfect choice for accessing health services.

In the international medical arena, Adelaide is recognised and well known for quality and this in turn makes the region a desirable destination for global medical services. Interestingly, one study found that 66 per cent of China's 1.18 million wealthy millionaires would consider medical tourism.<sup>29</sup>

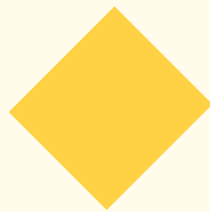
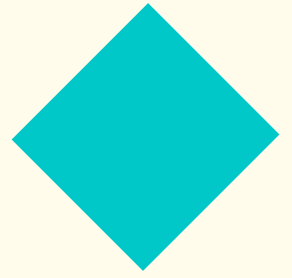
In the same way that international education is now established as a thriving industry, the same could be possible for global medical services. It's important to therefore emphasise that the right infrastructure is required, with quality hotels situated nearby to medical facilities – to ensure a quality and seamless experience.

There are a diversity of issues that would need further industry discussion and resolution. Visa issues would need to be determined – with protocols around tourists versus the intent of visiting for medical procedures. Timings around

approvals also need to be considered, to ensure that the process does not become a deterrent. Securing direct flights to source destinations is also a key driver.

For Adelaide and medical tourism to become top of mind, a targeted branding exercise will need to be undertaken. Marketing materials and strategies would need to be developed to provide current, informative and insightful information – in all languages – that showcases Adelaide's world class services.

When it comes to implementation, we need to look to other countries and their best practice techniques around medical tourism. This could include a focus on efficient visa approvals, patient pick-ups at airport arrivals by someone that speaks their language, accessibility measures and a central point of contact supported by a wider team. An industry body or association set up to facilitate these processes could be an option, in addition to the efforts of individual medical facilities.



# Our suburbs and regions

## Overview

**South Australia's suburbs and regions bring together passionate people, hardworking businesses and a community that is rich in knowledge, insights and world-class expertise. We need to collectively ensure that we unearth the opportunities existing within and across the regions to create a sustainable and dynamic future.**

South Australia's wine regions are brimming with possibility. The quality, expertise and uniqueness of our wine regions can lead the nation and on an international scale. Similarly, we must seize the significant agricultural opportunities in Adelaide's outer suburbs as well as the regions, to ensure we make the most of our clean and green environment.

Speaking of scale, the same could be said for many of our businesses which are looking to grow, expand and extend but are frustrated about missing out on public and private sector opportunities. From collaboration to joint ventures, consolidation and more, we need to ensure that our business community is able to make the most of growth activities.

The roadmap towards 2027 will also need to see opportunities across gas, minerals and renewables move front and centre stage. Our expert research and development capabilities can provide global leadership across new technologies, clean-tech and a sustainable approach.

When it comes to liveability, our regions reveal the splendour of South Australia. We need to harness this even more, with a focus on our clean and green credentials in agriculture.

Our opportunities for action ensure that we can all put our best foot forward in shaping, framing and driving prosperity in the lead up to 2027 and beyond.

## Our suburbs and regions Opportunities

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# Our suburbs and regions

## South Australia's wine regions



**South Australia is responsible for almost half of Australia's annual wine production and is home to some of the most famous regions and oldest vines in the country. The total reported crush was more than 860,000 tonnes in 2016-17, with an estimated market value of over \$650 million – an increase of 13 per cent on the 2016 vintage in value terms.<sup>30</sup>**

The vineyard assets found in South Australia's Barossa Valley, McLaren Vale, Langhorne Creek, the Coonawarra, Clare Valley and the Adelaide Hills represent the core of the state's wine industry. Together with smaller regions, South Australian wineries produce over 80 per cent of Australia's premium wine in a wide range of styles.<sup>31</sup> Our main export destinations include China, the United Kingdom, the United States of America and Canada.

South Australia's wine regions have a strong reputation both domestically and internationally. But we could be doing more to capitalise on these opportunities. We need to start thinking about how we can leverage our strengths in wine production to increase exports, attract more tourists and develop a stronger wine sector.

In iconic wine destinations such as France, rail networks extend to wine growing regions, making them more accessible to tourists. We could do something similar. South Australia's north-south geography and existing networks means that public transport connections to the wine regions are possible, potentially through a combination of extended rail lines past Gawler and to Aldinga paired with a last-mile coach service, or if it were found

to be commercially viable and acceptable to a range of parties, dedicated tourist services on existing regional corridors. Integrated transport to access our wine regions is crucial to attract further tourists, particularly free and independent travellers who seek a unique, self-directed experience rather than traditional tours.

We've recently seen significant investment in South Australian wineries and their facilities – from the futuristic d'Arenberg Cube to Mitolo's state of the art cellar door, while wine experiences such as Penfolds' make your own blend continue to increase in popularity. Also trending are cellar door collaborations, following Unico Zelo's partnership with Applewood Distillery to open Ochre Nation in the Adelaide Hills.

But there are still opportunities for further development to enhance the experiences of those visiting the wine regions. More luxury and boutique accommodation in the wine regions could boost visitation and overnight stays, following the successful expansion of The Louise in the Barossa. Encouraging travellers to stay longer not only provides a more authentic experience, but also delivers economic benefits to the regions. We must invest in unique experiences to deliver something new for travellers, to reinforce South Australia's reputation and standing as a wine destination, and to give existing and potential visitors something to tell others about.

We also need innovation in the sector to continue to compete. The recent popularity of 'natural wine' presents opportunities to promote our clean and green environment, as well as our

innovative wine-making skills. We could develop digital tourist infrastructure at wineries and in regions, to improve accessibility – consider the potential of multi-language street signs or mobile applications. Continued investment in water infrastructure and innovation in resources management systems will also future proof our wine regions. New ways of doing old things will keep South Australia ahead of the pack.

Of course, South Australia is already doing well – in 2016, South Australia was recognised as one of the Great Wine Capitals of the world, alongside regions like Bordeaux, the Napa Valley and Mendoza. We need to leverage the world's interest to boost our exports. Consolidation and cooperation will be key here to access new markets with sufficient scale.

From the relatively warm temperate climate of the Barossa Valley, to the cooler Adelaide Hills region, the diversity in South Australian wine is due, in part, to the state's wide range of climates. Developing South Australia's brand is key to transforming these natural endowments into tangible value for the state. Developing an appellation framework – where growing areas are defined and protected – could further reinforce the value of our wine regions.

Growth in the wine industry will succeed on the back of private investment and sensible government investment and support. Together, we can ensure South Australia's wine regions continue to lead the nation and are competitive on a global scale.

# Our suburbs and regions

## Making the most of the defence contracts



**The Commonwealth Government's commitment to the Naval Shipbuilding Plan presents a significant opportunity for South Australia. With the important goal of national security, the Plan will build and sustain Australia's naval shipbuilding and sustainment industry, creating a sovereign capability centred in Osborne, South Australia.**

The proposed Government investment is substantial. Around \$90 billion will be invested in new naval vessels, submarines and frigates, with more than \$1 billion invested in modern shipyard infrastructure at Osborne. The Commonwealth Government will also establish a Naval Shipbuilding College, headquartered in South Australia, to ensure our workforce is capable and appropriately skilled.<sup>32</sup>

Unsurprisingly, the eyes of the global defence industry are firmly locked on Adelaide, with many primes looking to scale up their presence in South Australia. But the Naval Industry Plan isn't a silver bullet – rather, it's a core component of a diverse economy, and can support growth in a number of adjacent sectors. South Australia is well placed to further develop its capabilities in additive manufacturing and technology (such as the Internet of Things), as well as the emerging space industry.

Implementation of the Naval Shipbuilding Plan will result in significant employment opportunities for workers. From

engineering and technical roles through to program management, procurement and commercial roles, it is clear that those opportunities will be diverse. The Government expects the naval shipbuilding workforce to grow to around 5,200 workers by the mid to late 2020s, but more than double that number will work in roles throughout the supply chain.<sup>33</sup>

We need to ensure that South Australian businesses – particularly small and medium businesses – are aware of those opportunities throughout the supply chain, and have the capabilities to participate in this plan today and throughout the coming decades. While construction of the first future submarines may be some years away, the time for action is now. And small and medium businesses will play a critical role in the success of Australia's defence industry.<sup>34</sup>

We expect that many smaller businesses will need a capability uplift to participate in the defence supply chain, particularly with respect to quality management, procurement processes and cyber security. Agencies such as the Centre for Defence Industry Capability (CDIC), headquartered in Adelaide, will be important in ensuring business readiness, as will other programs that focus on specific capabilities, such as the Cyber Security Small Business Program. South Australian businesses need to start taking advantage of these programs and opportunities to be ready when tenders and contracts start streaming through.

To support the growth of small to medium businesses and the workforce needs of primes, it is essential we have a detailed understanding of the skills and capabilities of the current workforce and how that will change going forward. This can inform both the curriculum and messaging at a school level, and all components of tertiary education. The alignment of industry needs to our education system has never been more vital – and not just in the more obvious competencies such as STEM, but in the digital literacy required to develop and leverage the technology utilised in modern defence construction projects.

# Our suburbs and regions

## Our businesses getting bigger and better



**There's a world of opportunities presented for South Australia – but many of the businesses in our state are smaller than the scale which is necessary to make the most of them.**

As part of the *Make it Adelaide* consultation process, we spoke to many managers of South Australian medium-sized enterprises who explained their frustration about missing out on the opportunities presented both by Government procurement, and many of the major private sector projects currently being undertaken. These opportunities ranged from supplying the defence supply chain to meeting the needs of our mining and energy companies, and to making the most of the chance to export food and wine to China and India.

For many of the opportunities which we have identified, the value of enterprises working together would well exceed the sum of the individual parts. That value would be created both by achieving greater economies through scale or by vertically integrating supply chains to deliver a more complete solution to large purchasers.

Some of these opportunities for collaboration might be achieved through the development of joint ventures or co-operatives which create value for

their members. Almondco, a Renmark-based co-operative of 160 almond growers in South Australia, Victoria, New South Wales and Western Australia, is an example of what's possible if businesses make the most of the opportunity to collaborate. Through investing together, the co-operative has been able to invest in advanced processing and quality systems, including an in-line pasteurisation system that eliminates the risks associated with a ground harvested product, which they market under the AlmondcoPure brand – resulting in Almondco Australian almonds commanding a price premium in the market. Australian almonds for the past two years have become Australia's most valuable horticultural export, with Almondco exporting over 11,000 tonnes to more than 35 countries during the 2016 season.

In other cases, it might make more sense for South Australian businesses to consolidate their operations more fully. In this space, we think that it's vital that South Australian businesses get on the front foot to make the most of the opportunities for consolidation in our state, rather than responding tactically. After all, if our business community leads deals, we'll be best placed to build stronger businesses in Adelaide, rather than seeing the best opportunities cherry-picked.



# Our suburbs and regions

## Energy opportunities spanning both gas and renewables



**In 2016, 57 per cent of South Australia's power came from wind and solar, the highest proportion of any Australian state.<sup>35</sup> More than 30 per cent of South Australians have rooftop solar panels installed, which generated 9 per cent of South Australia's energy production last financial year. This is the largest proportion of any grid in the world.<sup>36</sup>**

South Australia's renewables transition is continuing with much fanfare. A solar thermal plant recently won a competitive tender from the State Government for energy production in Port Augusta. This solar thermal plant will provide 150 megawatts of power, and will be the largest of its kind in the world.<sup>37</sup> And of course, who can forget that Elon Musk's Tesla will make its first step into the Australian energy market in South Australia when the world's largest lithium ion battery begins operation in December this year.<sup>38</sup>

But beyond these co-investments with Government involvement, South Australia has garnered interest as a destination for private sector investment in renewables. A second large scale battery is being planned in South Australia by ZEN Energy, now a subsidiary of Liberty OneSteel – the owner of the Whyalla steelworks. ZEN Energy's board has approved a plan to build a solar, pumped hydro and battery storage facility, which will be worth up to \$700 million and generate one gigawatt of electricity.<sup>39</sup> This investment

shows a shift in the perception of renewable energy by the private sector – with confidence that renewables are suitable to power an energy intensive industry like steel.

The Australian Energy Market Operator predicts that South Australia's minimum grid demand may fall to zero by 2025-2026 under certain conditions, as rooftop solar generation exceeds grid demand during some parts of the day – which will provide new challenges and opportunities for how we run our grid and balance the power system.<sup>40</sup> As world leaders in utilising renewables and decentralised generation, we should also look to become world leaders in designing the technologies that will secure a sustainable future for energy grids as well.

South Australia has significant research and development capability across our universities in renewables, such as the Centre for Energy Technology at the University of Adelaide. Through partnership with the private and university sectors, we should look to capitalise on our early leadership in renewables and continue to expand our research and commercial focus on renewable energy and associated technologies, to form a world class research cluster in Adelaide. Opportunities in 'clean-tech' will grow rapidly across the globe, and the attraction of global capital to support the development of this sector has already commenced.

# Our suburbs and regions

## Positioning South Australia as resources-ready



### South Australia is gifted with large reserves of both mineral and energy resources.

We have the largest underground mine in the world at Olympic Dam, while South Australia is among the largest producers of several minerals, including copper, uranium and zircon.<sup>41</sup> That being said, we didn't experience the same extent of economic expansion as Queensland and Western Australia during the last mining boom. But with regions like India and South East Asia beginning what are likely to be periods of rapid industrialisation, commodity prices seem ready to increase once more in the medium term. Now is our chance to position South Australia to meet this anticipated demand.

Copper still remains one of South Australia's largest exports, valued at \$1.9 billion in 2016. Once called 'the Copper Kingdom', South Australia was the site of Australia's first mining boom after the discovery of copper deposits in the nineteenth century.<sup>42</sup> The South Australian Government aims to increase annual copper production from around 290,000 tonnes to 1 million tonnes by 2030.<sup>43</sup> This significant increase could be facilitated by existing projects which are

currently expanding – such as Olympic Dam<sup>44</sup> – as well as advanced projects with feasibility studies underway, including OZ Minerals' Carrapateena mine.

South Australia's gas sector shows similar promise. The Cooper, Eromanga and Otway basins are considered significant reserves, with exploration for unconventional onshore oil and gas ramping up in recent years. South Australian companies core to the exploration and production of gas include Santos and Beach Energy, with Santos also operating the Port Bonython processing and export facility. In addition, a large proportion of oil and gas reserves are located in the Great Australian Bight. While there is currently no offshore oil and gas production in South Australia, substantial exploration has occurred in recent years, with significant potential for production in the future.

Many of these opportunities are already underway. But what's important is that we recognise the importance of our potential, and continue to ensure South Australia has the necessary physical and digital infrastructure – as well as an appropriately skilled workforce – to make the most of these opportunities when they arise.

# Our suburbs and regions

## Expanding agricultural opportunities in Adelaide's regions



**If South Australia is to grow its population, inevitably many of the people who will be joining us here will be coming because they're attracted to the lifestyle provided by Adelaide's outer suburbs and the broader country areas of our state. The same rolling hills and plains which make these places pleasant to live, also present an opportunity for our agricultural industries.**

South Australia has a wide range of agricultural strengths, from grain on the Yorke and Eyre Peninsulas, livestock in the south east, citrus in the Riverland and horticulture on the Adelaide Plains.

As the outer suburbs of Adelaide undergo economic transition, a number of factors combine to make investment attractive for production and processing, as well as logistics and supply hubs, including:

- An available skilled and semi-skilled workforce
- The proximity of some of Adelaide's premier horticultural and wine producing regions
- Strong availability of industrial land in Adelaide's outer suburbs.

Furthermore, demand for South Australia's agricultural and horticultural products is only anticipated to increase into the future. The rise of the Asian middle class, for example, is predicted to swell the ranks of the global middle class to 3.2 billion consumers by 2030.<sup>45</sup> Not only does this represent an opportunity for our food producers to feed more

people, but it also plays to many of South Australia's existing comparative advantages. These consumers are likely to be more discerning about issues like quality, food safety, and the ethics and sustainability of their consumption. The standards which South Australian producers meet to supply Australian consumers are a competitive advantage overseas. This is already a competitive advantage leveraged by the fisheries and aquaculture industries, where seafood producers seek certification to differentiate their products.<sup>46</sup>

We need to make sure that there is the support for investments to scale-up production. There are already some good examples of projects which secure sustainable supplies of water for Adelaide's surrounding agricultural areas. These include:

- the privately-led Willunga Basin Water scheme to irrigate McLaren Vale vineyards using treated waste water
- the Northern Adelaide Irrigation Scheme to supply producers in the Barossa and Light regions with treated waste water.

But more could be done to make the most of South Australia's clean and green credentials in agriculture that both highlight and extract value from our provenance and the environmental sustainability of production. As we explored previously, the creation of appellations are one possible solution, as is ongoing investment in new food production technologies which leverage

renewable energy and recycled water, or shared use infrastructure to unlock additional productive capacity in many parts of the state.

The availability of under-utilised industrial land around Adelaide's outer suburbs – such as Lonsdale in the south or Elizabeth in the north – and the complementary skills of the workers that live near these areas are also ideal for an expanded industry. The Northern Adelaide Food Park at Edinburgh Parks is an example of this sort of development in practice. As with all of the sectors discussed in our report, the application of new technologies, such as drones or blockchain, can be utilised to sustain our competitive advantage in quality food and wine production.

# Our state and government policy

## Overview

### **From regulations to roadmaps, we are on an exciting cusp of change and innovation, as we steam ahead towards 2027.**

There is significant work to be done across the state and we need to ensure there is focus across businesses, government and wider community as we continue to build a state that is remarkable and world class.

A key focus needs to be on changing the perception around a lack of investment opportunities in Adelaide. There are in fact a wealth of investment opportunities that could be put under the spotlight by creating a South Australian Investment Corporation. This could facilitate the process of attracting highly skilled finance professionals and delivering a range of outcomes – from strong returns for investors, to building a reputation as a trusted fund manager.

Our state also needs to harness the power of digital. There are untapped opportunities to use technology to accelerate government processes and reduce red tape. The flow on effect from this will also be the ability to harness technology in driving faster decision making.

Our focus on reaching a population of 2 million by 2027 can be achieved by attracting more international migrants – fuelled by adjusted policy settings and







a robust economy. We need to attract educated and experienced people who know how to drive innovation and job creation.

Across all of these opportunities sits a strong need for an improved, refined and enhanced branding strategy. We need to decide what we stand for as a state and to activate our brand on a global stage – reinforcing our expertise across education, innovation, agriculture, investments and more.

Infrastructure is critical to the state's growth, development and success. In order to activate the opportunities for action, we need to alter our mindset around possible approaches. One idea might be to establish a new independent statutory agency, Building South Australia, to provide an impartial authority to drive progress and build upon the state's infrastructure priorities.

A further opportunity that can be leveraged is the ability for organisations to locate their head office in our relatively affordable state. By encouraging a business community that has its head offices situated in the heart of Adelaide, we can create a hub of activity and a pipeline of career opportunities.

## Our state and government policy Opportunities

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# Our state and government policy

## Establishing the South Australian Investment Corporation



**A challenge that *Make it Adelaide* has sought to address is the historic lack of private investment in Adelaide. Private investment is a key driver of growth in any market and will be a critical component to Adelaide's growth aspirations.**

A consistent response we received during the consultation process was that Adelaide's inability to increase private investment wasn't driven by a lack of capital, but rather the poorly informed perception that Adelaide lacks investment opportunities. Despite this, capital was almost always available for investment opportunities when they were identified.

We believe that a key reason for the perceived lack of investment opportunities in Adelaide is the comparatively small finance and investment community. While there are some outstanding individuals in the market, Adelaide lacks the depth of highly skilled investment professionals choosing to make Adelaide and South Australia home. This has many consequences, key of which is a shortage of enthusiastic advisors working day-to-day to identify unique investment opportunities and to bring these to investors. Another consequence is limited connectivity to the main financial markets in Sydney, Melbourne and Brisbane. This means that investment professionals (bankers, advisors, accountants, lawyers) are not actively sharing new ideas and investment opportunities into and out of

Adelaide, reducing Adelaide's exposure on the national market. In essence, Adelaide isn't seen as being on the radar.

During the *Make it Adelaide* consultation process, the Queensland Investment Corporation (QIC) was highlighted as a successful model for leveraging public sector superannuation funds to create a new financial industry. QIC was established in 1991 with \$5 billion of public sector funds and a mandate to support the government's long term investment responsibilities. QIC is now a leading international fund manager with in excess of \$60 billion of public and, more recently, private funds under management. Over this time, QIC was not only able to attract highly skilled professionals to Brisbane to manage the operations of QIC, it also created the need for a wide network of support professionals such as lawyers, accountants, actuaries and valuation experts.

Therefore, one opportunity for attracting more highly skilled finance professionals to Adelaide is the creation of a South Australian Investment Corporation.

Seeded by a sufficient level of public sector superannuation funds to create critical mass, and established to operate as an independent fund manager, the South Australian Investment Corporation could have a similar impact on the industry in Adelaide as QIC did on Brisbane. Key learnings from QIC that should be applied are creating

an investment mandate focused on returns to its public sector investors, rather than requiring investments in a certain geographic region that could dilute returns. A highly qualified senior management team remunerated accordingly and an independent board would be vital to deliver this investment mandate. The South Australian Investment Corporation would also have the ability to invest directly into underlying assets, not restricted to investing as a fund-of-fund as some existing management agencies are. Finally, by being enshrined in legislation, the Investment Corporation's investment decisions would not be influenced by short term political interests. Extensive policy design of such an entity would need to be undertaken and existing businesses could compete for management of these funds as an alternative to creating a new entity.

Following the experience of QIC, the Investment Corporation would remain focused on delivering strong returns to its investors, allowing it to build a reputation as a trusted fund manager and ultimately grow by attracting sophisticated private sector investors.

# Our state and government policy

## Using digital government to reduce the regulatory burden for business



**Over the last 20 years, governments have successfully used technology to improve how they interact with citizens. Today, we take for granted that we can lodge our taxes, renew our car registration and even receive our rental bonds back online.**

In digital government, South Australia has some great success stories. The One Card project unified all of South Australia's public libraries on the one system, which has meant that library patrons from Rundle Mall to Coober Pedy have access to the same resources on the same network – delivering an improved service to customers, as well as considerable cost savings to local governments.<sup>47</sup>

The cost savings flowing from digital government are well canvassed. Deloitte Access Economics found that online transactions cost approximately 40 cents each, compared to \$16.90 for face-to-face transactions and \$6.60 for transactions over the phone.<sup>48</sup> But the benefits of digital in government go well beyond cost-out, and well beyond government-to-citizen.

Many of the next opportunities for digital government in South Australia are to use technology to speed up government processes and cut red tape – while improving regulatory outcomes. There's a multitude of government to business processes across all levels of government which still look much as they did before the advent of the Internet, but with email replacing a snail mail letter.

In practice, this means businesses are still filling in regulatory forms manually created in Word documents, printing them, signing them and scanning them – all to be emailed through. Rather than using APIs to connect to the data collected by Government, many businesses still receive Excel spreadsheets updated once a year from government about their industry. Police checks for employees must be submitted in person. Many of our regulatory processes still required hand signed forms, sent by post.

If we're to unlock the opportunities presented in this report, a key enabler will be using tech to accelerate the pace that government makes decisions.

# Our state and government policy

## The promise of immigration and the pathway there



**With an ageing population and the prospect of stagnating natural population growth, immigration is key to growing South Australia's population. Attracting more international migrants is crucial to reaching a population of 2 million by 2027. Overall, South Australia needs to increase its share of international migration to 8.9 per cent. This is a big jump from the current state, but it could be achievable with adjusted policy settings and a strong economy.**

While South Australia's growth in total net overseas migration year-on-year has remained on par with Australia as a whole in recent years, this means we are just managing to keep up – and we need to pull ahead.<sup>49</sup>

South Australia needs to set itself apart from other places both in Australia and internationally as an attractive destination, not just to visit and study temporarily, but to call home and settle permanently. Also, we need more than just warm bodies. We need educated, experienced and capable migrants who can fulfil our future skill needs in our key growth industries, as well as those who know how to be enterprising, to innovate, to run a business and to create jobs.

The problem for South Australia is that the current migration system is set at the national level to meet the needs of Australia as a whole. This one size fits all approach means that the price and conditions of admission to migrants are mostly the same whether their destination be Adelaide or country South Australia, or any another major city or country town across Australia. One solution, as suggested by the South Australian Centre for Economic Studies, is for the migration system to better reflect the skills needs of the local South Australian economy, and to include greater regional advantage in the visa points system.<sup>50</sup>

We also need a stronger focus on programs that partner with industry to connect international students graduating from South Australian universities with businesses within South Australia, taking advantage of the 485 graduate visa program. Another possibility, particularly for regional South Australia, is to emulate the economic and cultural success that other Australian regional communities have enjoyed from permanently resettling refugees and other humanitarian entrants.<sup>51</sup>



# Our state and government policy

## Building South Australia and thinking differently about infrastructure



**As of October 2017, South Australia had a total investment project pipeline of \$45.7 billion, with around \$10 billion under construction.<sup>52</sup> Many of the opportunities presented in this report for infrastructure investment need careful consideration and review.**

In order to make the most of our economic opportunities, we need to shift our mindset and re-think how infrastructure can drive South Australia's economic growth – without the pressures of the political cycle.

As the Property Council has argued, it's time to focus on a systematic and independent approach to large-scale infrastructure assessments.<sup>53</sup> These sentiments also echo previous ideas from Business SA, advocating for an independent statutory infrastructure authority.<sup>54</sup>

There is an opportunity to learn from the other infrastructure bodies across Australia: Infrastructure Victoria, Infrastructure NSW, Infrastructure Tasmania, Building Queensland and Infrastructure Australia.

A new independent statutory agency, *Building South Australia*, could take the politics out of infrastructure investment and build a robust roadmap of infrastructure and project development.

Confidence and the right approach are central to fuelling infrastructure success. As the Property Council argues, 'productive and timely infrastructure projects are key to building robust and contemporary economies. The right infrastructure can increase productivity, encourage investment, and build confidence in South Australia.'<sup>55</sup>

Detailing the construction timetable of a tram network can be among its first tasks – but that's far from the end of the infrastructure challenges that we will continue to face. A North-South Motorway to get South Road flowing is rightly at the top of the agenda for both the Commonwealth and South Australian Government.

The time is now for South Australia to seize the opportunity to act and support the implementation of an independent infrastructure body to map the way forward. By altering our perspective and thinking differently about infrastructure, we can continue to build a city that thrives.

# Our state and government policy

## Transforming South Australia by attracting head offices



**The South Australian economy has suffered in recent years with the hollowing out of its corporate sector and headquartered companies which have taken their large workforces and office tenancies to the eastern states.<sup>56</sup>**

Despite the clear advantages of Adelaide – our lower costs, liveable city, skilled workforce, world-leading universities and strong connections to the rest of the world – not enough people are choosing Adelaide as the city from which they want to run their businesses.<sup>57</sup> To take one example, out of the ASX50, only Santos is based in Adelaide. As a result, too many of the decisions which affect the lives of South Australians aren't made here. They are made in Sydney or Melbourne – and in New York, Singapore, London and Shanghai.

For Adelaide to reach its potential, the population target can't just be a numbers game. It has to be about creating the types of jobs that people want, and that will convince South Australians they don't have to look to the east for the best career opportunities. It's time to double down on our efforts to get our young and talented workers back.

We believe that attracting more head offices – starting with the eight sectors which we have identified as opportunities for South Australia – is key to reversing these trends. And by head offices, we don't only mean 'global headquarters'. It can be just as worthwhile to market Adelaide as a place for the regional headquarters of major global companies (as it already is for a range of defence primes) or to retain the head office functions of businesses which have attracted global capital.

This process won't just be about offering incentives, it's about genuinely engaging with businesses to find out what they want and presenting the opportunities for Adelaide – and the Government can't do this alone. We believe that Adelaide's corporate sector needs to spearhead a global push to encourage more head offices to set up in Adelaide in the areas which reflect our competitive advantages. Initiatives like the one led by the Property Council have the potential to make a real difference by starting conversations on a business to business basis, and supplement the government's existing investment attraction well.

Consideration and action on the opportunities we have outlined in this report, and the associated growth of the economy, is the first step in leadership that South Australian businesses can take to support this endeavour.

# Our state and government policy

## A renewed branding strategy



**As Shakespeare said, 'all the world's a stage' and in this day and age, a city's brand is inextricably linked to economic success and prosperity. But it's time for us to turn our focus outwards, and to significantly ramp up our collective branding strategy to ensure that South Australia's individuals, businesses and cities put their best brand forward.**

From Twitter to LinkedIn, Facebook to Weibo and more, branding and social media has fuelled a powerful opportunity to connect and amplify messages. But we all need to do more. Our capabilities in many sectors and the unique aspects of our lifestyle are perfectly suited to the development of a multi-dimensional brand strategy activated via digital channels.

It all starts with asking: what do we stand for? We need to activate our brand on a global stage to ensure that we are known for our education, innovation and inspiration. Our brand needs to become synonymous with quality, clean air and food and culture. From those visiting (who might then partake in education down the track) to establishing our regions (as the heart of fine produce), the opportunity is there for the taking.

We need strong and iconic brands to develop from Adelaide and to expand our external marketing presence on all fronts. As StudyAdelaide indicates, Adelaide is a centre of educational excellence and there are many opportunities to highlight the diversity of advantages that international students can gain when they live, work and study in South Australia.<sup>58</sup>

A state-wide alumni network is a practical way to amplify the great stories we have to tell about Adelaide – locally and globally. We need to activate this broad network, so that alumni feel connected to Adelaide and are able to continuously share their insights, adventures and experiences abroad. This untapped resource could yield enormous results.

When it comes to storytelling and bringing to life the benefits of living and working in South Australia, the way we communicate the message is key.

We also need to lift the gaze on investment. As Investment Attraction South Australia advocates, South Australia offers both a competitive environment and an ease of doing business.<sup>59</sup> We need organisations like Investment Attraction to have a bigger global reach, with an international network of advocates to reinforce its message. Frankly, we also believe the South Australian business community has a role to play in supporting their endeavours and taking our brand global.

Fundamentally, a brand image acts as a calling card in the marketplace and how customers interact with a brand shapes their impressions.<sup>60</sup> South Australia has a rich tapestry of insights, a vibrant and thriving culture, world-class eateries and cuisine, a growing arts scene, industry leading wine and much more. The brands that will win tomorrow will build themselves into future-ready objects of desire—in their products, services, people, and soul.

We are only at the tip of the iceberg when it comes to harnessing, leveraging and promoting Adelaide's brand around the world.

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## Phase 4

### Make it Adelaide > Action

**We all need to act now to secure our future. Plans are only as good as the action that comes out of them, and Deloitte will continue to work with business and the community in 2018 to make these opportunities a reality. The future is what you make it, and we choose to make it Adelaide.**





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We would like to acknowledge Hames Sharley for their valuable contribution to our report through the planning and development of urban living in Adelaide over the next 10 years.

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