



South Australia's Economic Recovery

the road to 100,000 new jobs

SA Unions

COVID-19 has changed the world and the lives of everyone in it

The unpredictable impacts of the pandemic have already destroyed industries, thrust tens of thousands of Australians into Centrelink queues for the first time in their lives, forced once-thriving businesses to close their doors and put entire cities on lockdown.

The situation changes daily and it's impossible to predict what it will take, or what it will cost, to see Australia through this crisis. What we do know is that the crisis will end and that the nation that emerges will look very different - and so we need to plan for that future now, and do so in a way that provides immediate benefit to South Australians.

Our state is already recognised as an exceptional place to live and Adelaide's affordable city lifestyle is second to none. However, we have historically struggled to retain our talent, particularly with young people who feel they must head to the eastern capitals in order to find a fulfilling career.

We also have the highest rate of unemployment, the highest rate of underemployment, and some of the lowest wages in the country. Furthermore, all of the evidence shows that the COVID-19 recession will hit SA hardest of all of the states and territories.

However, despite the grim situation, South Australia now has a once in a lifetime opportunity to recalibrate for the future by identifying and giving focused attention and resources to areas of the national and international economy in which we have a strategic advantage.

We can start to build the South Australia of the future even as we fight the pandemic at every level. SA Unions believe that not only can we create a dynamic, forward-thinking state, we can do so by creating **100,000 new jobs and putting South Australia on track to reach full employment by 2025.**

This is the conclusion of SA Unions, on behalf of working people in South Australia after identifying the unique advantages our state enjoys. We have matched those advantages with the needs of the economy and the job trends of the future while dovetailing with the recently released *ACTU National Economic Reconstruction Plan*.¹

¹ <https://www.actu.org.au/media/1449194/national-economic-reconstruction-plan.pdf>

This document provides a snapshot of some of that analysis. Many of these strategies would require federal buy-in, but they point a way forward to a prosperous, productive future for South Australia.

Current Predictions

Research findings from the report *Impact of Covid-19 on the South Australian Economy and Employment*² point to a grave scenario for workers, the community and the South Australian economy if action is not taken.

- Gross State Product in South Australia will be 14.8 percent lower in the 2nd quarter of 2020 than it would be without the Coronavirus restrictions. This represents a 12.5 percent quarter over quarter reduction in South Australian Gross State Product.
- There will be a recovery in economic growth, but it will be slow; GSP will be 6.4 percent lower in the 2nd quarter of 2021 than otherwise expected.
- Significant negative GSP impacts will occur in the first and second quarter of 2020, with a reduction in Gross State Product of 1.9 percent in Q1 2020, and a further reduction of 14.6 percent in Q2 2020. A recovery will occur between Q3 2020 and Q1 2021, with GSP growth of 3 percent, 4.6 percent, and 2.7 percent respectively, after which GSP growth will return to the relatively normal levels of around 0.5 percent.
- The total number of jobs impacted by COVID-19 so far in this state, factoring in jobs that have recovered after initial lock-downs, is approaching 100,000. This includes those retained on the JobKeeper scheme as unemployed. Total employment is projected to decline by 34,700 people in the second quarter of 2020.
- Unemployment has increased from 56,500 in February 2020 to 75,600, in June 2020, with an unemployment rate of 8.8%³ in Q2 2020.

Despite these bleak numbers, here are four broad areas in which South Australia can leverage our existing structures and strategic advantages.

² Spoehr, J. and Gamble, H. 2020. *Impact of Covid-19 on the South Australian Economy and Employment*. Adelaide: Australian Industrial Transformation Institute, Flinders University of South Australia.

³ Treasurer Josh Frydenberg says real national unemployment (ex Job Keeper) is "around 13.3 per cent"

#1: The Making State

South Australia is perfectly positioned to ride a resurgence in domestic manufacturing, as the pandemic has shown the urgent need for Australia to work toward greater self-sufficiency and economic sovereignty. We can become the state that makes things.

To accomplish this and attract the next generation of private sector investment there is a need to ensure that SA's infrastructure is world-class. Thus a commitment to prioritising necessary existing construction and clean-up projects would keep South Australians employed while helping to future-proof our state for the post-covid economy.

Now is the perfect time to clear the backlog of existing projects deemed necessary but perhaps not especially urgent. Regional infrastructure projects in the Fleurieu Peninsula, the Eyre Peninsula and Kangaroo Island to help open up tourism and local industry would stimulate regional economies and also help bushfire recovery efforts. Similarly, the activation of a food industry manufacturing and packaging hub in northern Adelaide for both domestic use and export would provide sustainability for the region, creating more permanent jobs in South Australia.

Key examples:

Replacing and expanding our social housing system to eliminate homelessness and provide low-cost, energy efficient housing for low income families

Estimated cost: \$500 million

Estimated jobs created: 2090

An investment in capital works and refurbishments in schools and pre-schools to ensure all South Australian children have access to world-class facilities

Estimated cost: \$200 million

Estimated jobs created: 836

Level crossing refurbishments

Estimated cost: \$750 million

Estimated jobs created: 3850

Possible Commonwealth-assisted joint projects include:

An Adelaide-Mount Gambier passenger rail line to service regional communities

Estimated cost: \$750 million

Estimated jobs created: 5556

Cleanup of the contaminated Port Stanvac site

Estimated cost: \$50 million

Estimated jobs created: 335

#2: The Energy State

South Australia is already the national leader in clean energy, and we now have an opportunity to show leadership in a green recovery. That existing leadership means that investment in the construction of new transmission infrastructure linked to the national grid would influence the rollout of renewable energy at a national level, while simultaneously increasing our energy security and driving down prices for consumers.

The global decline in oil and gas prices shows that SA cannot rely on untapped fuel reserves to drive a recovery. We must capitalise on its mineral resources and work towards value-adding to those resources here at home.

Green energy provides enormous investment and employment opportunities linked to improving energy production and building new renewable energy systems and networks. Some ideas are also low cost, such as prioritising the Home Battery Scheme toward local content which would incentivise local start-ups and create an estimated 50 jobs.

Key examples:

A pilot project pipeline of renewable energy powered industrial projects to drive a cleaner recovery, offering contracts to clean-tech firms to find pathways to green manufacturing.

Estimated cost: \$25 million

Estimated jobs created: 50

Electric vehicle charging infrastructure to make electric vehicle use more practical (initially Adelaide metro with a view to eventual regional expansion)

Estimated cost: \$100 million

Estimated jobs created: 1000

Creation of a National Battery Recycling and Dismantling Hub. Such a facility doesn't exist in Australia, giving us the opportunity to become the leaders in this growth area in renewable tech.

Estimated cost: \$50 million

Estimated jobs created: 1000

A statewide Diesel Displacement Drive, replacing inefficient diesel generation systems powering remote SA communities with green alternatives.

Estimated cost: \$50 million

Estimated jobs created: 250

NOTE: this would also eliminate the need for the current remote SA diesel subsidies

#3: The Education and Training State

With many industries unlikely to return at pre-COVID levels there is an urgent need to retrain many sections of the workforce in sustainable careers.

South Australia should position itself as the nation's hub for re-education and training, drawing students and people looking to up-skill from around the country to an affordable jurisdiction with world-class educational assets. Offering free TAFE to those willing to relocate to SA would also help offset the historical flow of talent out of the state.

The ACTU has proposed a Commonwealth-supported program providing free TAFE in priority areas of study, at a national cost of approximately \$1 billion. In South Australia we estimate that such a reskilling program would immediately benefit 5000 newly unemployed people (based on a ten per cent uptake).

Increasing accessibility to apprenticeships and reskilling will help future-proof the local economy by enhancing the employability of young South Australians, a cohort disproportionately affected by unemployment, and also help offset losses in international student numbers. Lifting entrance caps for SA's universities to drive enrolment should be considered by the federal government.

Subsidies for Certificate III and IV courses in growth and priority industries such as aged care, disability support work, early childhood education, food, pharmaceutical and packaging production should be considered.

A South Australian representative on the National Skills Commission would ensure SA has access to its share of national funding and provide a focus to local training needs.

Key examples:

Free TAFE for SA returnees and those losing jobs

Estimated cost: \$100 million

Estimated jobs created: 1247

Lifting of Tertiary Education Caps for SA Universities

Estimated cost: zero

Estimated jobs created: 238

Boosting rates of Early Childhood Education and Care for lower socio-economic children

Estimated cost: \$12 million

Estimated jobs created: 400

Pay-roll deductions for businesses hiring apprentices to encourage hiring younger local workers

Estimated cost: \$100 million

Estimated jobs created: 500

#4: The Health State

South Australia boasts world-class health and medical research capacity, and further investment in SAMRI would strengthen our ability to contribute to vaccine research and the global effort to battle COVID-19 and other pathogens.

However, the current pandemic has also exposed weaknesses in SA's health and disability sectors including the need for expanded community and primary mental health care services, particularly for those in marginalised and remote communities.

Our state's ageing population and networks of aged care facilities would make a Melbourne-level outbreak particularly devastating. There is an urgent and immediate need to provide out-of-hospital care to meet the current and growing demand for this demographic.

The current crisis has also illustrated the value in improving access to multidisciplinary primary and preventative health care to help manage chronic disease and improve the health status of the population, and the need for culturally sensitive and community led service provision for our Indigenous communities.

Along with this, a commitment to keep Disability SA in government hands is vital.

Estimated cost of the above: \$1 billion

Estimated jobs created: 8778