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CEDA

Economic and Policy Outlook

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Opening

2 Points

1. SAPC is a practical organisation - help lift real wages
2. SAPC is independent –evidence first, opinion second.

Present some evidence on what is happening to the SA economy and then we can be a little more anecdotal in the Q&A

Opening slides summing up

Recent growth has had a positive impact on some but those people are probably in the minority

Recent growth probably more cyclical and lower quality than we would prefer.

Recent growth is useful momentum for future wages growth, but we have a lot of work to do to lift them

Issues

What is our wages outlook?

We answer by looking for positive structural change in the economy (refer to slides).

Structural change is limited therefore real wages outlook is limited.

Defence

Last week demonstrated that Defence investment is subject to significant political, geopolitical and financial risk.

9 reduced to 6 with financial uncertainty outside of the forward estimates. Nearly 6 years since last announcement. Not a defence expert, but don't rely on announcements too heavily.

Talks of "gold rush" are "immature" and I don't think the public buys into it anymore.

Clean Energy

- Hydrogen, Desalination plant
- Large, complex, trying to predict the future.
- Predicting the future is very difficult
- SAHMRI/ Bragg Centre is a good recent example of the public sector engaging with complex commercial markets.

Not against but:

- Level of taxpayer expense?
- Skills necessary to drive those projects?

Needs to be very carefully managed.

- Export was a big theme around hydrogen while we completed our report in 2022.

Innovative Policy

We are not an innovative state:

- Low level of innovation workers
- Low level of research and development
- Low level of patenting
- Low level of value add exports

We've tried precincts

- Bio SA Thebarton
- Tech park in the north
- Lot 14

Trying to curate people and business hasn't had any impact

Why would it?

Expenditure should be redirected to :

- R&D (supply and demand)
- Education
- Tax cuts/simplicity

Fiscal

We are in a vulnerable fiscal position.

Risk of another external shock.

Productivity Priorities

We look through a value-add lens. This is practical and realistic (previously picked up on Sunday by the Premier)

So, priorities

Research and development

Increase performance

Workforce

Education and People

Public Sector & Business Performance

Workplace productivity in the hands of regular workers or their bosses?

Lets be unified on this:

- Private sector;
- Public sector;
- Unions;
- Politics

all need to improve, we all need to look at ourselves.

Use the sporting analogy

We want to play finals.

Fitter, smarter, more scrutiny?

Why not in business or government?

Real wages growth doesn't generally fall in your lap.