Technology and creative industries.

South Australia, a thriving innovation ecosystem







How we can work with you

Investment Attraction South Australia is the peak agency for supporting investment into South Australia.

We are the people to speak to if you are:

- establishing a presence in South Australia
- > seeking joint venture opportunities
- > growing an existing business in South Australia
- investing in South Australian businesses
- > looking to raise capital by listing on the Australian Stock Exchange.

We are looking for small, medium and large businesses, but importantly we are looking for smart, creative businesses that live firmly in the future.

That's why technology and creative industries are part of our focus!

Together with our agency partners, we will work with you by offering:

- > access to key decision-makers in both the public and private sectors
- a project and case management service to streamline establishment and approvals processes for foreign direct investment
- > an ambitious red tape reduction program to make doing business as easy as possible
- a range of State Government grant and assistance packages for eligible investors.

Let's talk

In the first instance we want to understand your needs, so please contact:

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Adelaide was ranked the most cost competitive city in Australia, moving ahead of Melbourne in KPMG's 2016 biennial Competitive Alternatives Report.

Our State offers you a fertile ecosystem for growing innovative technology enterprises within a culture of creativity, connectivity and collaboration. Our vibrant and elegantly planned capital city, Adelaide, is the most advanced environment for start-ups in Australia and is ideally located to service the growing technology markets of South East Asia, China, India and Japan. Adelaide is Australia's only CISCO Lighthouse City and the first in the southern hemisphere, providing local businesses with access to the company's huge global network.

French defence company DCNS was this year awarded the largest procurement contract in Australia – a AU\$50 billion deal to build 12 new submarines in Adelaide. DCNS has announced that it will create

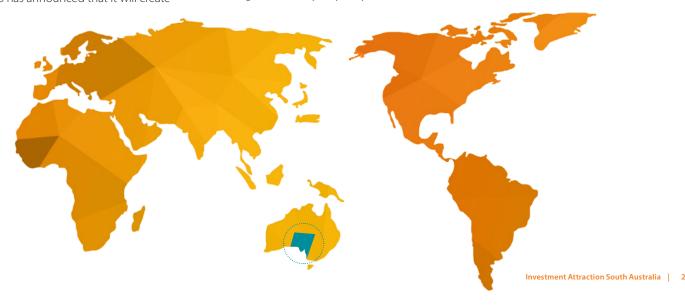
2900 high tech and manufacturing jobs in the city, with a further 600 jobs to be created in the supply chain and 500 in combat integration. The development is expected to have major flow-on effects for many sectors of the South Australian economy, particularly communications and information technology.

South Australia has a strong resources and energy sector and is a leading agricultural region, with world class food and wine exports. It also has a skilled manufacturing base, particularly in the health, medical devices and electronic sectors.

Adelaide is a very liveable, modern city, surrounded by beautiful beaches, native bushland and world renowned wine regions. The city is synonymous

with international events, including the Adelaide Festival of Arts, WOMAD and the Tour Down Under. The lifestyle is relaxed and cultured and our cost of living is very affordable in comparison to other major cities in Australia.

Our geographic location is in alignment with the time zones of Asian countries, and we have existing networks with Asian economies and transport connections. These all make South Australia a destination of choice for companies seeking to service Asian Pacific markets from a safe and politically stable environment.



South Australia's economy at a glance

Progressive and steady growth

decades of uninterrupted **economic growth**



strong links with the rapidly growing Chinese, Indian and other Asian economies



major developments to fuel future economic activity



Proactive and stable government

Industry highlights







of Australia's **defence** in-country





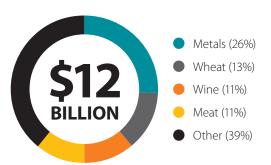
in an environment with innovation at its core.

Gross State Product (2014–15)



- Services (49.1%)
- Construction, housing, utilities (18%)
- Retail & wholesale trade (9.4%)
- Manufacturing (7.3%)
- Agri-forestry and fishing (4.9%)
- Mining (4.1%)
- Other (7.2%)

Exports (12 months to Dec 15)



Export Destinations (12 months to Dec 15)





Why South Australia?

Financial, logistic and skill advantages



Competitive business environment

- > Adelaide is one of Australia's most cost competitive cities to do business
- > Tax reform initiatives with reductions in business taxes of over \$670m over the next 4 years
- Global ambitions and access to worldwide export markets



Enviable lifestyle

- > A great place to live 5th most liveable city in the world
- Australia's premium food and wine destination
- > Lowest cost of living of any mainland capital city in Australia
- Lowest residential property prices of all mainland capital cities in Australia



Skilled and educated workforce

> A knowledge State with a highly developed university and vocational education and training sector



Culture of innovation

- > World class research and innovation facilities and districts
- > Gig City network South Australian Government investment of \$4.65 million in Australia's first, ultra-fast internet for business



Advanced Manufacturing capability

- > Australia's defence hub
- > \$50 billion contract (largest in Aust.) to build future submarines with French company DCNS, plus offshore patrol vessels and future frigates



Proactive, stable government

- > Progressive policy and strong leadership
- > Adelaide aiming to be carbon neutral by 2020
- > Significant renewable energy assets
- > Investment Attraction South Australia - a dedicated and independent agency to support investors



An enviable lifestyle that helps you retain your skilled workforce

South Australia's enviable lifestyle, temperate climate and high-quality services and infrastructure - combined with low cost of living - means you will have a highly retainable workforce, minimising staff turnover and re-training costs.



Adelaide's **short commute times** compare favourably against all larger capitals.

Location	Average Commute Times (mins, 1-way)	Proportion taking 1–15 mins (%)
Sydney	31.7	22%
Melbourne	29.5	33%
Perth	30.0	25%
Brisbane	27.2	29%
Adelaide	21.8	48%

Adelaide has the shortest work commute times with a population exceeding 1 million people.



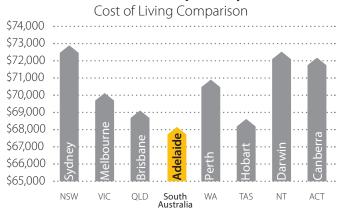
The lowest residential property prices of all mainland capital cities in Australia.

Location	Established Houses	Attached Dwellings
Sydney	\$871,000	\$660,000
Melbourne	\$570,000	\$491,000
Perth	\$540,000	\$435,000
Brisbane	\$482,000	\$390,000
Adelaide	\$425,000	\$344,000

Adelaide has the lowest residential property prices of all Australian capital cities with a population exceeding 1 million people.

Analysis by NATSEM shows Adelaide has the lowest cost of living of any capital city in Australia.

Australian Capital City





in the list of the world's most liveable cities





Australian Federal innovation support

The Australian Federal Government released its Innovation Statement in December 2015.

The Innovation Statement outlined AU\$1.1 billion of support over four years for innovation and entrepreneurship.

Key initiatives, subject to eligibility, are outlined below.

- > AU\$106 million in total tax incentives over the four years for "angel" investors, who provide seed funding in the early years of a venture's creation.
- > AU\$200 million innovation fund.
- Early stage investors in start-up businesses will get a 20 per cent non-refundable carry-forward tax offset, capped at AU\$200,000 per investor, per year and a 10 year capital gains tax exemption.
- Investors in new early stage venture capital partnerships will get a 10 per cent non-refundable carry-forward offset.
- People doing business in Australia, wanting to take their ideas internationally, will also be supported through an AU\$36 million "Global Innovation Strategy".

These measures are on top of the generous research and development tax incentives offered by the Australian Federal Government.

The research and development tax incentive is equal to 150 percent for eligible entities with a turnover under AU\$20 million per annum and not controlled by a tax exempt entity and 133 percent for all other eligible entities.

For research and development expenditure up to AU\$100 million a year, companies can claim:

- A 45% refundable tax offset for companies if they have an annual turnover of less than AU\$20 million. This tax offset is available to companies that are not controlled by income tax exempt entities.
- A non-refundable 40% tax offset for all other eligible companies. Unused non-refundable offset amounts may be able to be carried forward to future income years.

For more information visit: www.innovation.gov.au



Open innovation and collaboration

South Australia has a well-deserved reputation for creativity. It is the ability to apply this creativity using the latest technological and scientific research, while building successful collaborations, that enables innovation.

For example, Adelaide is home to Australia's first MIT-affiliated Fab Lab, the country's biggest Mini Maker Faire and a thriving Hackerspace community.

Adelaide won Australia's Innovative Regions Award in 2015 for its advanced start-up ecosystem. This ability to develop a collaborative and coherent ecosystem from university research through to technology start-ups and multinational companies, makes Adelaide one of the few places where open innovation can truly be practised in Australia.

2,500

ICT STUDENTS

graduate from higher education institutions in South Australia annually, with 638 of those completing higher education degrees.

Research and education

South Australia prides itself on being the nation's "Knowledge State". Alongside three world-class public universities (The University of Adelaide, University of South Australia and Flinders University) and campuses of the international Torrens University Australia and Carnegie Mellon, are many private specialist training institutions providing industry with a highly-skilled workforce.

Over 30,000 international students from 125 countries study in South Australia every year, creating a pool of expertise that makes Adelaide an ideal base for Asia Pacific growth. International education is South Australia's largest service export, and sixth largest export overall.

University and commercially-based research and development has led international change in a number of fields. More recently, the purpose-built South Australian Health and Medical Research Institute (SAHMRI) has begun attracting some of the world's best and brightest researchers to an outstanding medical precinct.

'Follow the sun' work flow in a smart city

South Australia's excellent technology infrastructure makes it a great choice for global services enterprises such as cyber security and software development. Our geographic location enables work to be handed off across time zones.

Global technology company NEC also announced in June 2016 that it will establish a AU\$4.38 million Global Security Intelligence Centre in Adelaide. It signals a major investment in a growing sector which can attract high-level information technology talent and additional investment in South Australia.

In 2015, CISCO announced that Adelaide would become the nation's first Lighthouse City, joining a prestigious list that includes Barcelona, Chicago, Hamburg and Dubai. The Smart City Studio, a partnership between CISCO and Adelaide City Council, was launched in late 2015. The studio is an innovation lab for entrepreneurs, community and researchers – a place for people passionate about transforming ideas into applications, products, jobs and prosperity for the 21st century.



Information and communications technology

South Australia's information and communications technology (ICT) capabilities are well-established and respected.

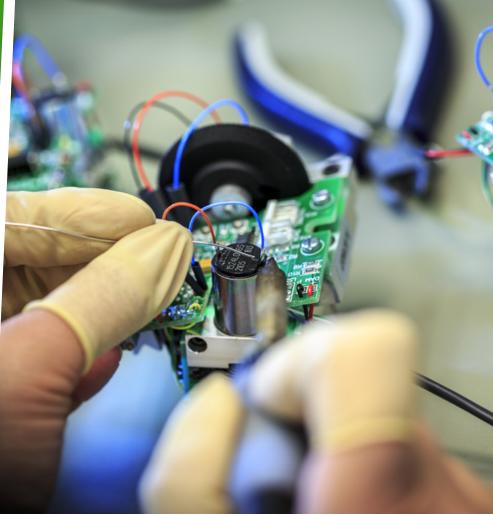
Hewlett Packard Enterprise (HPE) recognised this expertise when it decided to establish a new headquarters in South Australia in partnership with the University of South Australia. This includes an Innovation and Collaboration Centre. which provides a unique environment connecting technology, knowledge and commercialisation.

Top five reasons why Hewlett Packard Enterprise chose South Australia

Hewlett Packard Enterprise stated that it had significantly increased its investment in South Australia for these reasons:

- > Adelaide is one of the world's most liveable cities and South Australia is a great place for our employees to work and live.
- > South Australia's economic priority of growth through innovation aligns well to HPE's own focus on driving innovation.
- > Good availability of skilled individuals with great attitudes is supported by a strong focus on ICT training and education in South Australia.
- > Strong business relationships across the private and public sectors means more opportunities to collaborate, explore new ideas and encourage innovation.
- > The ease of doing business in South Australia enables HPE to focus on helping customers to use IT and quickly turn their ideas into business value.





Flectronics

Australia's Defence Science and Technology Organisation (DSTO) has been providing a critical mass of technological expertise and intellectual property in South Australia since 1947.

Building on this defence base and broader academic expertise, a successful niche electronics industry has developed, primarily operating B2B with a focus on international markets. The industry has seen a compound annual revenue growth rate of 13 percent since 1990, with a highly skilled workforce of about 11,000.

Companies like Hendon Semiconductors and ASTC provide the deep technology building blocks that enable local high-tech businesses to develop world standard software and hardware solutions, as well as integrate them into successful global products.

Digital media, design and creativity

South Australia's ability to blend art, creativity and environmental design with the latest digital technology makes it an exciting place to explore new ideas and establish new industries. More than 32,000 South Australians are involved with creative employment, from art and music to advertising, publishing and specialised design services.

There is also a growing independent games industry with companies like Odd Games and Mighty Kingdom having an international impact in niche gaming areas.

In the digital media space, Rising Sun Pictures and Kojo are internationally recognised for their technical and creative capabilities, having worked on movies such as the Harry Potter and X-men series and Wolf Creek.

Adelaide is also the birthplace of leading global design and architecture firms such as Hassell and Woods Bagot.

Modelling and simulation

South Australia has developed a reputation as an Australian leader in simulation. The national peak body for the simulation community, Simulation Australasia, is headquartered in Adelaide and provides an international connection point for industry, research and government stakeholders.

There are more than 80 firms with modelling and simulation capabilities operating in the State, ranging from large primes to innovative micro businesses. Defence is the largest customer base for these services, followed by resources and mining, and healthcare, with Sydac leading the world in transportation simulation.

Adelaide's universities also offer broad and deep simulation research capabilities and facilities, as well as educational pathways into simulation-related professions.



Health

South Australia is a global healthcare innovator, leading researcher and service newly developed precincts for thousands of scientists and students in the heart of

The new flagship North Terrace Health Precinct is the largest in the southern

- > The new Royal Adelaide Hospital one of the largest and most advanced in the world.
- Research Institute (SAHMRI), an iconic building which is attracting the world's brightest medical researchers.
- > University of Adelaide and University of South Australia's health and medical research facilities.

local expertise and skills from related robotics, electronics, ICT and engineering.

Cyber security and defence

Cyber security is a focus area for South Australia and our inherent industry and strategic characteristics are highly suited for investment in this increasingly

The State has a strong local ecosystem of small and mid-sized, specialist companies which underpin large prime contractors servicing some of Australia's biggest security contracts.

Over the next 20 years, South Australia will be home to the largest share of Australia's total in-country defence material spend, with Adelaide the headquarters for the majority of the nation's defence cyber industry and technology research, development and Intelligence, Surveillance, Reconnaissance, Space, Electronic Warfare and Cyber priority area will attract nine percent of the total Australian Defence budget to 2026. The Australian Government has committed to growing Australia's defence cyber security capabilities, including 'enhancing their direct contribution to national and civilian cyber security

The Defence Science and Technology Group (DSTG) is one of Australia's biggest employers of scientists and engineers. Its largest operation is in Adelaide and encompasses Australia's maritime strike capability and the control centre for over-the-horizon-radar. It also features Australia's Cyber and Electronic Warfare the Edinburgh Defence Precinct. The Cyber and Electronic Warfare Division is Australia's Defence cyber research and development capability.

Adelaide has become a globally strategic and cost effective destination for technology and security projects



Next generation vehicles

South Australia's commitment to innovation and transformation extends to next generation vehicles and includes progressive legislation to enable testing of autonomous vehicles.

In November 2015, in collaboration with Volvo, Adelaide hosted the first driverless car trials in the Southern Hemisphere as part of the Australian Driverless Vehicle Initiative (ADVI) on Adelaide's Southern Expressway.

In addition, the State Government's zero carbon ambitions for Adelaide have widened the scope for electric vehicles in the State and it is currently reviewing legislation and planning to make it less expensive to register and purchase electric vehicles. A pilot project has seen charging station infrastructure installed on Kangaroo Island, creating opportunities for electric vehicles that will link Adelaide to the State's main tourist destinations

There is also policy development underway with regard to Adelaide's central business district being open only to hybrid and electric vehicles in 10 years' time.

Low-carbon leadership

South Australia has a goal to achieve AU\$10 billion investment in low carbon energy generation, and see half of its needs provided by renewable energy, by 2025.

The State's mix of renewable energy resources is as extensive as anywhere in the world. It includes abundant wind resources capable of being accessed from hundreds of kilometres of uninhabited and semi-inhabited coastline and an unrivalled potential for geothermal energy. Solar resources are outstanding in world terms as are potential wave energy resources.

Australia's Clean Energy Finance Corporation recently amended its policy to allow funding for reinvestment in windfarm projects. This will be particularly beneficial for South Australia, which is home to almost 40 percent of the nation's wind energy generation.

The quality of the State's resources is such that they can be used to produce much more renewable energy at competitive prices, yet only a fraction of them are being used at present. To assist potential international investors, the State has compiled comprehensive maps and energy atlases for each of the renewable energy sources.

The State Government also recently committed to establishing a carbon neutral Adelaide Green Zone. This initiative is designed to drive further emissions reductions, increase the demand for renewable energy, build the State's green industries, increase resource efficiency, improve waste management and facilitate the transition to cleaner transport modes.





Cost of employment

A comparison of indicative ICT roles between South Australia, Victoria and New South Wales.

Role	South Australia		Victoria			New South Wales			
Salaries in \$'000 USD	Low	Median	High	Low	Median	High	Low	Median	High
Developer – Java/J2EE	42	60	78	42	60	85	50	64	85
J2EE Architect	60	70	85	67	85	107	78	99	107
Oracle Developer	50	64	85	39	57	82	42	57	78
DBA – Oracle	50	57	78	57	78	110	57	78	99
DBA – SQL Server	50	57	78	64	78	110	64	85	99
Network Engineer	53	64	78	57	78	99	46	67	92

Low: The lowest salary expectation. Usually less than three years of experience in the role.

Median: The middle salary expectation. This will tend to be the predominant expectation with most candidates having three to five years in the role.

High: The highest salary expectation. The best candidates available with most candidates having more than five years of experience.

Red indicates lowest salaries in a given cohort and occupation

People Bank: ICT Salary and Employment Index 2015

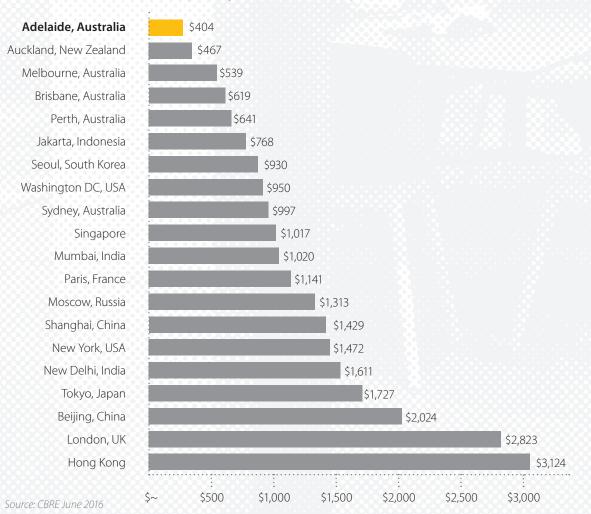
Cost of office space/leasing

Adelaide offers a high standard of accommodation at the most competitive rates in Australia. This is in the context of world standard infrastructure and one of the best cities in the world for liveability.

There are various accommodation options available ranging from central business district locations through to industry precincts such as Tonsley. Businesses also have the option to co-locate with defence partners.

Adelaide was ranked the most cost competitive city in Australia, moving ahead of Melbourne in KPMG's 2016 biennial Competitive Alternatives Report

Prime office total occupancy cost (\$US/M² p.a.)





Festivals Adelaide

South Australia's unique design and artistic heritage makes the State an ideal setting for a number of famous international cultural festivals.

Adelaide's global reputation as a Festival City was recently recognised with an invitation to join the inaugural International Festival City Network.



ADELAIDE



Adelaide Fringe

17 February - 19 March 2017

Adelaide Fringe is Australia's largest openaccess arts festival and internationally renowned as one of the best.

Artists from Australia and across the globe take over the city in hundreds of pop up venues in parks, warehouses, laneways and empty buildings as well as established venues such as theatres, hotels, art galleries, cafes and town halls.

It's one of the most diverse arts festivals in the world and open to all: anyone can perform and everyone does. It makes for a four week long party during February-March

For more information visit the website www.adelaidefringe.com.au

Adelaide Festival

3 - 19 March 2017

Adelaide Festival is an internationally renowned multi-arts festival with a long and successful history.

For more than 55 years the Adelaide Festival has delighted audiences with an outstanding mix of internationally acclaimed theatre productions, an eclectic array of world-class musicians, breathtaking dance pieces, renowned writers and striking visual arts displays.

Enjoyed amid warm March days and starry nights. Adelaide Festival and Adelaide Writers' Week offer a celebration of creative excellence that makes for an event of truly epic proportions.

For more information visit the website www.adelaidefestival.com.au



Adelaide Cabaret **Festival**

9 - 24 June 2017

Adelaide Festival Centre's Adelaide Cabaret Festival is an annual festival commencing on the Queen's Birthday long weekend each June. Now in its 16th year and the biggest festival of its kind, the Festival has become a major event in the international and Australian arts calendar.

Adelaide Cabaret Festival has grown from modest beginnings in 2001 to become Adelaide's major winter Festival and the largest cabaret festival in the world. It has garnered a reputation for featuring the best local, national and international artists with classic and contemporary cabaret performances.

For more information visit the website www.adelaidecabaretfestival.com.au





WOMADelaide

10-13 March 2017

WOMADelaide runs over four days in Botanic Park in inner-city Adelaide on the March long weekend.

The program features performances and workshops by the world's best traditional and contemporary musicians, dancers and DJs, street theatre and visual artists, all set around 100 amazing food, retail and charity stalls.

It has become the nation's favourite outdoor festival, not only because of the unique and extraordinary music, it is also family friendly and the diversity of the audience is almost as astounding as the line-up.

For more information visit the website



SALA Festival

August 2017

The South Australian Living Artists Festival (SALA) is recognised as the largest and most innovative community-based visual arts festival in Australia.

Artists exhibit across the State in galleries, open art studios, and non-conventional art spaces like cafes, restaurants, wineries, shops, offices, public spaces.

Held in August, SALA is wholly inclusive of every medium from sculpture, painting and photography through to mixed media, moving image and installations. SALA has been recognised as making a significant contribution to South Australians reputation, image and profile as a culturally-rich place to live and visit.

For more information visit the website www.salafestival.com.au



Adelaide Guitar **Festival**

August 2017

This is an immersive winter festival celebrating the world's most popular instrument.

The Adelaide Guitar Festival is a four-day biennial festival, curated by internationally renowned Australian guitarist, Slava Grigoryan. Unbound by genre and acclaimed for its outstanding quality, its concerts span rock, jazz, folk, classical, experimental, blues and roots music.

For more information visit the website www.adelaideguitarfestival.com.au

ADELAIDE FESTIVAL CENTRE'S

OzAsıa Festival

OzAsia Festival

Spring 2017

OzAsia Festival is Australia's premier international arts festival focusing on Asia.

This year marks the 10th anniversary of Adelaide Festival Centre's OzAsia Festival. Under Festival Director Joseph Mitchell, the 2016 festival remains proudly young at heart with a vibrant program of contemporary arts from across Asia. And with 35 Australian premieres, it's the biggest and most diverse program to

For more information visit www.ozasiafestival.com.au



DATACOM

New Zealand-based IT services company, Datacom is investing \$22 million to build an IT hub in South Australia, a project which will create hundreds of new jobs and training opportunities.

Due for completion in 2017, the IT hub will be built within vocational training provider, TAFE SA's Tea Tree Gully campus in Adelaide's north-eastern suburbs. It will create more than 600 full-time jobs in sophisticated customercare positions.

Datacom Group CEO, Jonathan Ladd, said South Australia presented an ideal location to expand the company's local operations and take on Federal Government contracts.

"This is due to a willingness from local partners, TAFE SA, Workskil, SYC, The University of Adelaide and the South Australian Government to explore innovative business models," Mr Ladd said

"These new models of delivery at the Tea Tree Gully IT hub strengthen the ties between education and industry, and provide further new opportunities for young Australians to get ahead in technology.

"The jobs we intend to create through this investment will vary from entry level to specialist and management levels, which will require support from local training, education and recruitment organisations.

"Our partnership with TAFE SA will ensure the delivery of an innovative training package which will provide our company with a clear training-to-job pathway for potential new employees, and benefit the State economy as a whole."

NEC



"Compared to the eastern seaboard, the Adelaide office market continues to be one of the most cost-competitive CBD markets nationally when it comes to setting up business and leasing office space."

Savills Australia

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This document is subject to change by Investment Attraction South Australia.

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