



Sunshine Coast The Natural Advantage

Research Compendium

Supporting material for the

Regional Economic
Development Strategy
2013-2033



DISCLAIMER

This document has been produced as supporting information for the Sunshine Coast – The Natural Advantage: Regional Economic Development Strategy 2013-2033. It represents an overview and analysis of some of the research, data and reports that have informed the development of the Strategy. All major research documents and sources are identified in Appendix 1. Nothing in this document should be regarded as an endorsement (either expressly or implied) of the primary and secondary research sources referenced in the document.

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1. INTRODUCTION

Purpose of the Research Compendium

The Research Compendium is intended to be read in conjunction with *Sunshine Coast–The Natural Advantage: Regional Economic Development Strategy 2013-2033* (the Strategy).

The Research Compendium is an overview of available research, data and trends from a variety of sources which have informed and guided the development of the Strategy. It provides a broad outline of the context, background and evidence base for the current and future economic challenges and opportunities facing the Sunshine Coast region and the assumptions that have informed the pathways and priorities proposed in the Strategy.

The Research Compendium is not an exhaustive analysis of the available economic research that has been relied on to develop the Strategy. Appendix 1 to the Research Compendium provides a list of major primary and secondary research and reports that have been accessed, commissioned, evaluated and reviewed in developing the Strategy.

The Strategy is available online at www.sunshinecoast.qld.gov.au.

Frequently Used Terms

Three terms occur frequently in the Research Compendium and these are defined as follows:

- **‘the Strategy’** refers to the *Sunshine Coast–The Natural Advantage: Regional Economic Development Strategy 2013-2033*.
- **‘game changer’** projects refers to five projects nominated in the Strategy that are predicted to have transformational effects on business, employment and investment growth in the region. These projects are:
 - the delivery of the Sunshine Coast University Hospital and adjacent health and medical precinct at Kawana
 - the expansion of the Sunshine Coast Airport
 - the development of a new city centre in Maroochydore
 - the expansion of the University of the Sunshine Coast and
 - the upgrade of the Bruce Highway from Caboolture to the Sunshine Coast.
- **‘high-value industries’** refers to seven industry sectors identified in the Strategy that have the greatest potential to generate enduring career opportunities and higher-paying jobs for the local community. These industry sectors are:
 - Health and well-being
 - Education and research
 - Tourism, sport and leisure
 - Knowledge industries and professional services
 - Agribusiness
 - Aviation and aerospace
 - Clean technologies.

About the Strategy

In November 2012, the Sunshine Coast Council initiated a collaborative process with key business, industry and government organisations to develop a new regional economic development strategy that will support the future economic sustainability and prosperity of the Sunshine Coast over the next twenty years. The Strategy represents the product of the extensive research, broad consultation across industry, business, government and community organisations and the deliberations of the Sunshine Coast Economic Development Strategy Taskforce.

The Strategy has been developed recognising that, in recent years, the Sunshine Coast has seen the traditional pillars of its economy - namely construction, tourism and retail – exposed to the pressures of declining visitor numbers and a slowing of population growth. The region has also experienced continuing high levels of unemployment, low workforce participation rates and comparatively low education and income levels.

The Strategy has been developed on the premise that continuing the current economic path poses too high a risk for the sustainability and prosperity of the community. The Strategy seeks to address these challenges by proposing pathways to transition to a new economy which:

- has a broader industry base with strong health care, education and professional services sectors
- has a new regional identity that reflects the Sunshine Coast's investment edge
- is characterised by a more diverse mix of small, medium and large businesses
- offers increased high-value employment options and pathways
- is outwardly focussed and responsive to the demands of national and global markets and
- attracts and retains skills and talent and provides a labour force which meets the needs of the new economy.

The Strategy provides a program of action over the next five years to drive progress towards 2033. The program of action will be reviewed annually to ensure it remains on target to deliver a strong new economy for the region.

Summary conclusions based on key research findings that have informed the draft Strategy

Over the past 30 years, the Sunshine Coast has experienced significant population growth and the development of a large regional economy worth over \$13 billion. However, while the region has seen some recent growth in business investment, infrastructure planning and emerging niche markets, there are a number of trends which threaten the region's sustainability:

- since 2007 the region's population growth rate has slowed to being below that of the State average and the projected population for the region in 2031 (475,786 persons) is now lower than previously estimated. The slowing of anticipated population growth has, and will, impact on the economy - particularly on the construction and retail sectors which have traditionally depended heavily on the stimulus provided by high rates of population growth and tourist visitation
- demand for tourist accommodation has decreased by 1.1% annually in recent years - a trend that is not encouraging future investment in new accommodation stock. The local tourism industry is overly reliant on the domestic tourist market (currently only 3% of visitors are international visitors compared to 8% for the Gold Coast)
- while there has been some recent growth in industry sectors that provide higher value to the economy and generate higher incomes (including healthcare, education, professional services and knowledge industries including clean technologies), the region remains overly reliant on construction, retail trade and accommodation and food services (tourism) - all of which are impacted by fluctuations in population growth and visitor demand. Retail and accommodation and food services are also generally recognised as low-paying industries and provide low value-adding employment opportunities.
- the region's unemployment rate (6.4% in July 2013) has regularly been above the State and national average and the region has relatively high youth unemployment. While higher unemployment is more common in regions where the economy is based around lifestyle (rather than mining or resource extraction), the high unemployment rate is a source of continuing concern to local families and young people looking for work

- average income levels on the Sunshine Coast are below those of many other parts of Queensland and Australia, reflecting the region's traditional dependence on low-paying industry sectors where there is a higher concentration of part-time and casual work and the comparatively higher proportion of the population not involved in the employed labour force
- the slowdown in population growth, coupled with an ageing population, will pose challenges for the region in providing sufficient labour supply to support the delivery of the region's 'game changer' projects and changing industry base - particularly the projected growth in health, education and professional services
- if the economy continues on the same pathway, the anticipated growth that is estimated to occur over the next 20 years will not deliver the number of jobs required to support the projected demand and population level – let alone deliver high-value, durable employment solutions.

Recent industry forums have stressed the need for the region to work collectively to identify how the economy can change, deliver critical new investment and opportunities to up-skill the workforce to achieve higher levels of employment, higher income levels and greater resilience to market fluctuations - while at the same time preserving what is best about the region. Fortunately, considerable potential exists to transition to a new economy and, in the process, generate and expand investment in high-value industries. This includes:

- realising the transformational effects of planned new region-building investments for the Sunshine Coast, including:
 - delivery of the Sunshine Coast University Hospital and adjacent health and medical precinct at Kawana
 - expansion of the Sunshine Coast Airport to accommodate international flights
 - development of a new city centre at Maroochydore and
 - the expansion of the University of the Sunshine Coast.

While the initial impact of these projects will see a significant boost for the construction and retail industries, the transformational effect will be felt over a much longer time frame as these projects position the region as a major centre for high-value health and education services, innovation and research and international tourism
- opportunities for growth in:
 - local speciality or niche food and beverage production (where the region already has a growing reputation)
 - professional business services (where there is considerable potential for import replacement) and knowledge industries
 - clean technologies (where the region is developing niche capabilities)
 - aviation and aerospace services (on the back of the expansion of the Sunshine Coast Airport)
 - tourism, sport and leisure (fuelled by a demand-oriented tourism offer, the expansion of the Sunshine Coast Airport and a focus on major events)
 - health and well-being services and expertise (driven by the development of the Sunshine Coast University Hospital) and
 - education and research services (leveraging off strong capabilities and facilities already in the region)
- further exploiting the region's proximity to Brisbane as an export gateway to national and international markets (with the upgrade of the Bruce Highway critical to exploiting this advantage), as well as opportunities provided by the Sunshine Coast's new international airport
- boosting investment in skills formation and development to ensure an appropriate supply of skilled workers to support industry and business demand and the region's transition to a new economy.

An examination of trends in national and international markets reinforce potential opportunities for Sunshine Coast businesses - in the traditional pillars like tourism, but also in emerging or developing sectors like education, clean technologies and agribusiness. The Sunshine Coast's traditional and

emerging industry strengths provide a solid foundation on which to build an economy that is well placed to meet projected demand for these products and services from national and growing Asian markets. Future prosperity will be built by encouraging all industry sectors to become more investment oriented, able to attract new investment from outside the region and to become more outwardly-driven, export-focused and connected to international and emerging markets.

2. REGIONAL OVERVIEW – WHERE ARE WE NOW AS A REGION?

Place

The Sunshine Coast forms the northern part of the south-east Queensland corridor and covers an area of 3,126 square kilometres or 0.2% of the State. The region features a pristine 200 kilometre coastline with diverse landscapes including ocean beaches, hinterland, state forests and national parks. These natural advantages have contributed substantially to establishing the region as a recognised holiday and lifestyle destination.

Positioned on the doorstep of Asia and the Pacific Rim, the region accesses national and international markets primarily via the Bruce Highway, the national rail network, the Sunshine Coast Airport, the Brisbane International and Domestic Airports and the Port of Brisbane. The Sunshine Coast has a range of notable education and research facilities including the presence of two universities and a multi-campus TAFE Institute. The region also hosts five private hospitals, four public hospitals and work is underway to deliver one of the largest tertiary hospitals in Australia by 2016.

The Sunshine Coast Enterprise Corridor – stretching from north of the Sunshine Coast Airport to Caloundra South – is the most important commercial and industry investment area in the region. More than 35,150 registered businesses in a range of industry sectors exist on the Sunshine Coast (AEC Group, January 2013) and the region has well established foundations in the tourism, retail and construction sectors.

In recent years, the region has experienced business growth in financial and insurance services; professional, scientific and technical services; health care and social assistance; and education and training – with these sectors collectively comprising nearly 25% of all registered businesses in the region.

Notably the region has a high concentration of small businesses; some 96.4% of businesses in the region are small enterprises employing 20 people or less (*Queensland Regional Profiles*, Office of Economic and Statistical Research, Queensland Treasury and Trade, 2013).

People

The Sunshine Coast is the fourth largest local government in Australia (by population), with a population of 316,858 in 2011 (see Table 1 below). However, since 2007, the region has experienced a slowing in population growth. For most of the previous decade, the Sunshine Coast added between 8,000-10,000 new residents per year. Over 2007 to 2011, this dropped to around 2,000 to 6,000 new residents per year with the lowest number of new residents seen in 2011 (1,969) (see Figure 1).

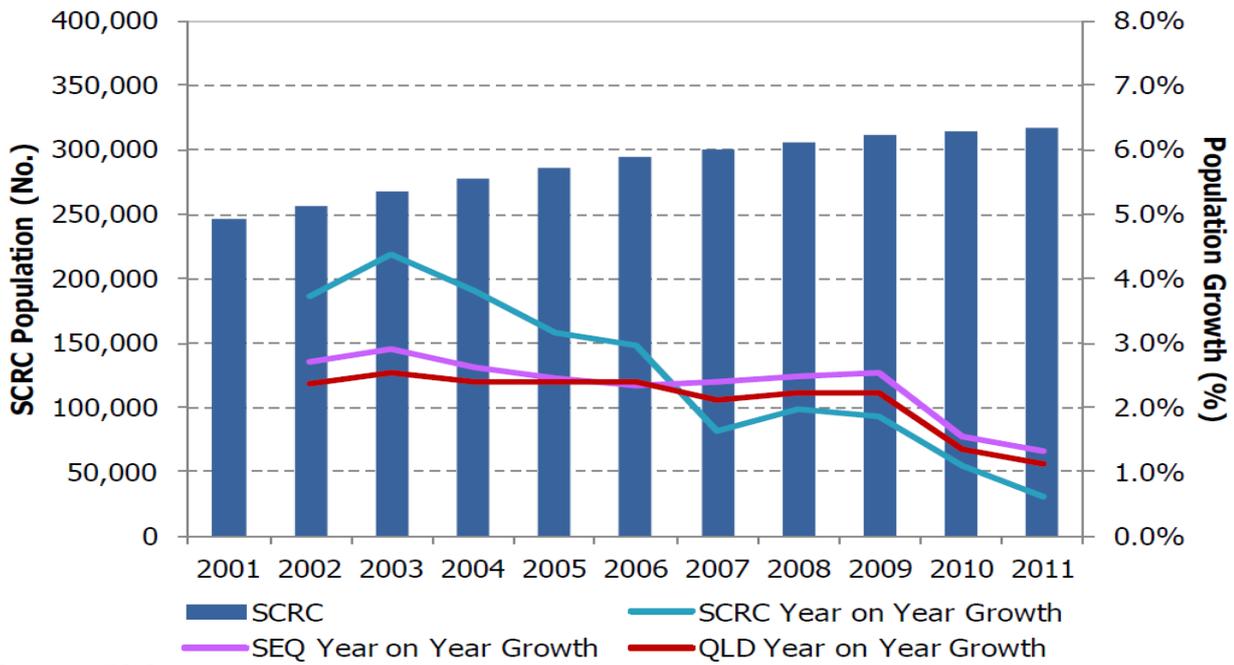
Since 2007, the region has grown more slowly than the State average and the projected population for 2031 (475,786 persons) is lower than that previously estimated (508,177) (see Figure 2). The slower than anticipated population growth has and will impact on the economy, particularly on construction and retail demand – areas which have traditionally depended heavily on the stimulus provided by population growth.

Table 1: Population Growth

| Population Statistics | Unit | Sunshine Coast |
|------------------------------|-----------------|----------------|
| Population (2011) | People | 316,858 |
| Population Growth (historic) | % annual change | 2.5% |
| Population Growth (forecast) | % annual change | 2.1% |
| Population (2031) forecast | People | 475,786 |

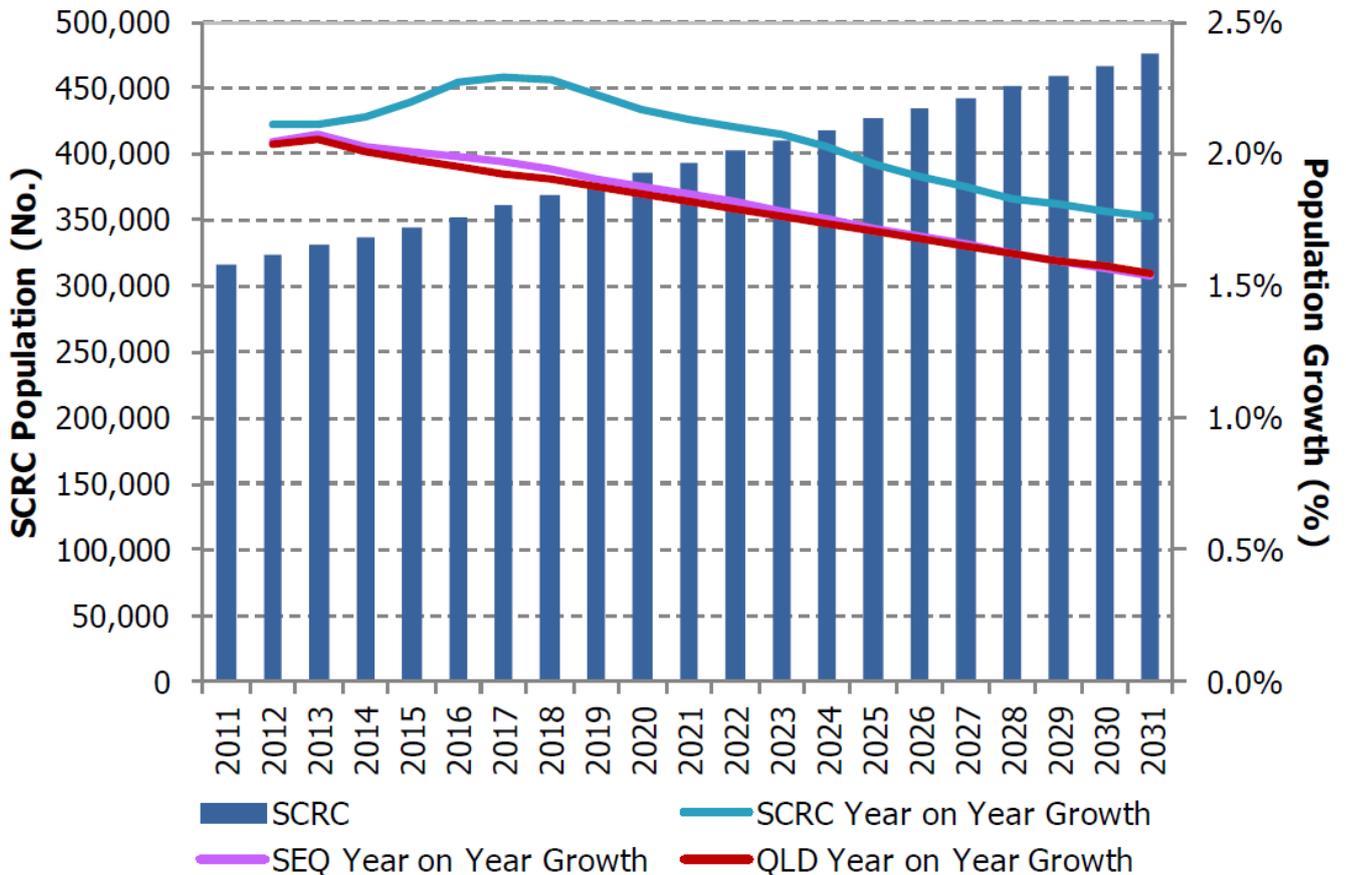
Source: AEC Group, January 2013

Figure 1: Population Growth, SCRC, South East Queensland (SEQ) and Queensland (QLD), 2001-2011



Source: AEC Group, January 2013

Figure 2: Population Projections, SCRC, SEQ and QLD, 2011-2031



Note: Medium range OESR projections used. Revised using updated estimated resident population incorporating Census data.
Source: AEC Group, January 2013

The Economy

Historic Economic Growth

The Sunshine Coast economy is estimated to have recorded a Gross Regional Product (GRP) of \$13.8 billion in the 2010-11 financial year. As shown in Table 2 below, over a ten-year period between 2000-01 and 2010-11 the regional economy grew by an average of 5.1% per annum, making it overall the highest growing economy in Queensland over that ten-year period. A significant shift in annual growth patterns did, however, emerge just before the commencement of the global economic downturn in 2008. Between 2000-01 and 2006-07 the economy grew by as much as 7.5%, but in the last four years the economy grew by on average only 1.5% per annum. During the same period, a significant slowing in the economy was also evident in many other Queensland regions, including Brisbane and the Gold Coast (Queensland Treasury and Trade, March 2013).

Table 2: Growth in Real Gross Regional Product (GRP) Queensland Regions
Average annual percent growth

| Region | 2000-01 2006-07 | to | 2006-07 2010-11 | to | 2000-01 to 2010-11 |
|-------------------------|--------------------|----|--------------------|----|--------------------|
| Brisbane | 6.6 | | 2.0 | | 4.7 |
| Gold Coast | 7.8 | | 0.5 | | 4.8 |
| Sunshine Coast | 7.5 | | 1.5 | | 5.1 |
| West Moreton | 1.9 | | 3.8 | | 2.6 |
| Wide Bay-Burnett | 4.8 | | 0.4 | | 3.0 |
| Darling Downs | 4.7 | | 2.3 | | 3.7 |
| South West | -3.8 | | 6.6 | | 0.3 |
| Fitzroy | 5.0 | | 1.2 | | 3.5 |
| Central West | -5.8 | | 4.3 | | -1.9 |
| Mackay | 6.4 | | 2.1 | | 4.6 |
| Northern | 4.3 | | 0.8 | | 2.9 |
| Far North | 4.0 | | 0.0 | | 2.3 |
| North West | -1.8 | | 3.0 | | 0.1 |
| Total Queensland | 5.8 | | 1.7 | | 4.1 |
| Rest of Australia | 3.0 | | 2.7 | | 2.9 |

Source: Queensland Treasury and Trade, March 2013, *Experimental Estimates of Gross Regional Product 2000-01, 2006-2007 and 2010-2011*.

Forecast Economic Growth

Indicative economic modelling (AEC Group, April 2013) demonstrates that the impact of investment in high value-adding sectors can have a significant positive impact on the future size of the regional economy.

The projections in Table 3 and Figure 3 show that under a status quo scenario¹, the economy will have a GRP of approximately \$26.7 billion in 2031. With economic development² interventions occurring (such as those proposed in the draft Strategy) the size of the economy is estimated to reach approximately \$31.7 billion in 2031. Figure 3 also includes an historical growth average benchmark for comparative purposes, which would suggest that GRP in 2031 would only reach \$22.0 billion (based on historical growth rates and not achieving currently forecast population projections).

The indicative modelling also shows that a successful economic development intervention approach will result in over 25,000 more local jobs in the economy in 2031 than under a status quo scenario. Both the status quo and economic development intervention scenarios rely on achieving the population growth forecast for the Sunshine Coast.

¹Status Quo scenario - where the economy continues its historical growth, but with forecast population growth taking place.

²Economic Development Intervention scenario – the successful growth and diversification of high-value adding, industries and the achievement of the anticipated future population growth.

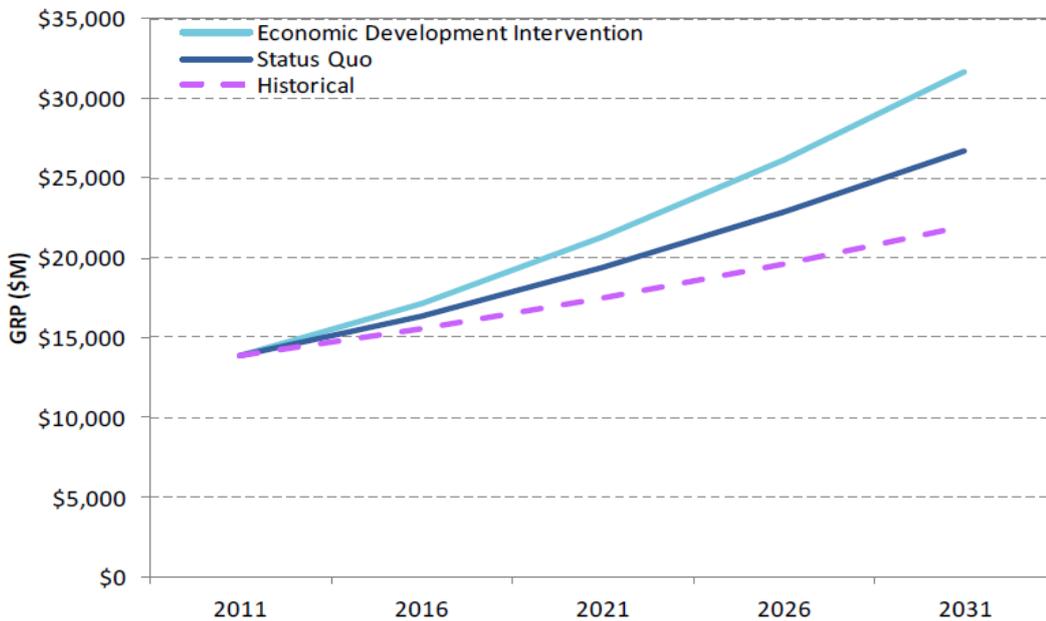
These scenarios are based on indicative modelling conducted by the AEC Group.

Table 3: Gross Regional Product, Indicative Modelling Projections (\$M), Sunshine Coast, 2011-2031

| Scenario | 2011 | 2016 | 2021 | 2026 | 2031 | Total Change 2011 to 2031 | Total Annual Change |
|-----------------------------------|----------|----------|----------|----------|----------|---------------------------|---------------------|
| Economic Development Intervention | \$13,842 | \$17,144 | \$21,314 | \$26,155 | \$31,712 | \$17,870 | \$894 |
| Status Quo | \$13,842 | \$16,306 | \$19,405 | \$22,868 | \$26,652 | \$12,810 | \$640 |
| Historical | \$13,842 | \$15,539 | \$17,443 | \$19,581 | \$21,981 | \$8,139 | \$407 |

Source: AEC Group 2013

Figure 3: Gross Regional Product Indicative Modelling, Scenario Comparison, 2011 to 2031



Source: AECgroup

Composition of the Economy

Table 4 shows the composition of the Sunshine Coast economy compared to the national economy. The table illustrates the region's high dependency on population and visitor-driven industries like construction, retail, and accommodation and food services, and the relative under-representation in the economy of high-value industries such as education and training, professional services and information and communications services.

The construction industry represents the largest contribution to GRP in the Sunshine Coast economy at approximately 11%. The construction industry is the third largest employer (AEC Group, January 2013) and has the largest number of individual businesses. The dominance of the construction sector in the region is indicative of areas that experience high levels of population growth (given the demand population growth places on residential development) and a growing tourism industry. However, the construction industry is vulnerable to slowdowns in population growth and/or in the tourist industry - both of which are now occurring on the Sunshine Coast (and have been occurring since 2006-07).

Table 4: Sunshine Coast Gross Regional Product by Industry Compared to Australia, 2010-11

| Industry | Sunshine Coast % of GRP | Australia % of GDP |
|---|-------------------------|--------------------|
| Agriculture, forestry and fishing | 2.8% | 2.6% |
| Mining | 0.3% | 8.8% |
| Manufacturing | 6.2% | 7.7% |
| Electricity, gas, water and waste services | 1.7% | 2.2% |
| Construction | 11.0% | 7.1% |
| Wholesale trade | 3.2% | 4.0% |
| Retail Trade | 9.3% | 4.4% |
| Accommodation and food services | 4.2% | 2.2% |
| Transport, postal and warehousing | 3.3% | 5.3% |
| Information media and telecommunications | 2.1% | 2.9% |
| Financial and insurance services | 9.3% | 9.8% |
| Rental, hiring and real estate services | 4.2% | 2.1% |
| Professional, scientific and technical services | 5.5% | 6.2% |
| Administrative and support services | 2.1% | 2.3% |
| Public administration and safety | 3.4% | 4.9% |
| Education and training | 3.8% | 4.4% |
| Health care and social assistance | 8.5% | 5.7% |
| Arts and recreation services | 0.5% | 0.8% |
| Other services | 1.7% | 1.7% |
| Ownership of dwellings | 10.4% | 7.8% |
| Total Sector Gross Value Add (% of GRP) | 93.6% | 93.0% |
| Sector Gross Value Add (\$M) | \$12,925 | \$1,303,372 |
| Total Gross Regional Product (\$M) | \$13,815 | \$1,401,167 |

Source: AEC Group, January 2013

The relatively high contribution to the economy by retail trade and accommodation and food services (9.3% and 4.2% of GRP respectively) again highlights the traditional importance of population growth – as well as the influence of tourism in the region, as these two industry sectors benefit most and are affected most by tourist visitation. By comparison, at the national level, retail trade and accommodation and food services represent only 4.4% and 2.2% of Australian Gross Domestic Product (GDP) (AEC Group, January 2013). This evidences the high dependency of the Sunshine Coast economy on these two sectors - both of which are highly sensitive to declining population growth rates and/or visitor numbers. Both sectors are also widely regarded as low wage industries.

Finance and insurance services; professional, scientific and technical services; and real estate services also make important contributions to the Sunshine Coast economy and collectively account for 18.9% of the region's total GRP. Manufacturing accounts for 6.2% of GRP compared to 7.7% of GDP nationally. The contributions of finance, manufacturing and professional services to the region's GRP are paired with relatively lower levels of employment - indicating that these sectors provide a relatively higher value per employee to the economy (AEC Group, January 2013).

Professional, scientific and technical services added an extra 1,434 persons working in the sector between 2006 and 2011. However, the high value-add area of professional services still occupies a relatively smaller part of the economy (5.5% of GRP) than the Australian average (6.2%). Information, media and telecommunications is another relatively high-value area that is underrepresented in the Sunshine Coast economy (2.1% compared to the national average of 2.9%) and has not recorded any significant growth in employment numbers over the past four years.

Healthcare and social assistance has grown significantly over recent years and is a major contributor to GRP at 8.5% - well above the Australian average of 5.7%. The sector has also seen increased employment of 3,965 persons since 2006. The size of the sector reflects the high demand for health care and social assistance on the Sunshine Coast, driven in part by the region's demographic profile

(which includes a relatively large number of older residents). The healthcare component of this sector is a comparatively high value-add component, paying relatively high wages to professional staff employed in the sector and is expected to represent a significant area of future growth for the region.

Another high value sector - education and training - has been playing an increasingly important role in the Sunshine Coast regional economy, helping to redress the region's historically low levels of educational qualifications. The sector has expanded by an additional 1,519 persons since 2006. However, at present the education sector occupies a smaller role in the Sunshine Coast economy compared to the national average (3.8% compared to the national average of 4.4%) but this area (like health) is expected to grow significantly over the next twenty years and become a major part of the region's economic transformation.

3. ECONOMIC CHALLENGES - WHAT IS THE EVIDENCE SUGGESTING WE SHOULD CHANGE IN THE REGION'S ECONOMY?

Business and Industry Base

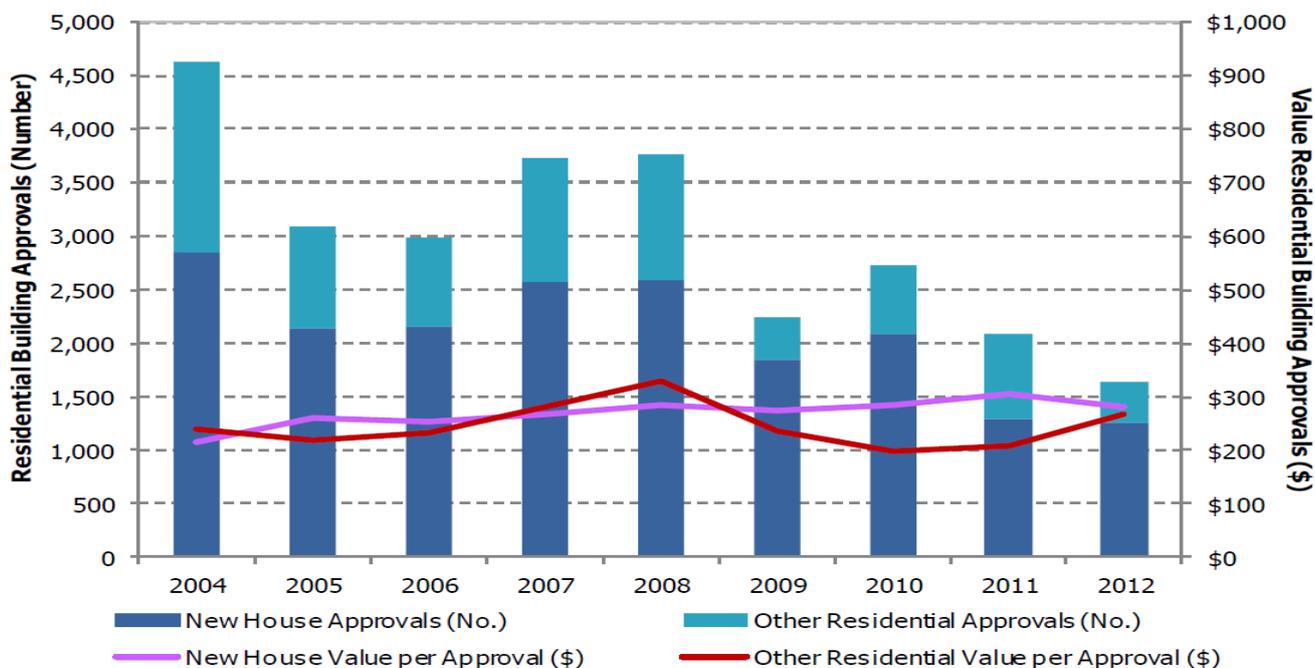
The research suggests there are a number of issues and challenges confronting the Sunshine Coast economy. Understanding these challenges is essential to developing a strong, resilient new economy for the region.

As indicated previously, the Sunshine Coast economy has traditionally been dependent on population-responsive and visitor-driven industries such as construction, retail trade and accommodation and food services - which can be low value-adding sectors to the broader economy. In 2010-2011, the tourism, retail and construction sectors provided over 37% of employment for the employed labour force in the region.

Construction

In line with the slowing of population growth, the Sunshine Coast region has experienced a general downward trend in residential building approvals (see Figure 4).

Figure 4: Residential Building Approvals, Sunshine Coast, Average Approval Values, YE Sep 2004- 2012



Note: data in previous report was presented for year ended December. Data in this report is presented as year ended September.

Source: ABS (2012b)

Source: AEC Group, January 2013

The decline in construction activity in the region – and in many other regions including larger centres such as Brisbane and the Gold Coast – poses a major risk for the construction industry and the overall health of the regional economy (given the proportion of the labour force that makes up this industry sector). Between 2006 and 2011, the construction industry in the region recorded an overall decline in the number of persons working in the industry - losing a total of 548 employees (*Working Population Profile*, Sunshine Coast Council, 2012). The construction industry indicates that areas of constraint to growth include the availability and cost of finance, lower demand (attributable to low levels of consumer confidence and lower rates of population growth) and planning approval processes in the region.

Tourism

While the tourism market is dominated by day trip visitors, the overnight market provides higher levels of value to the economy. However, while the supply of tourist accommodation increased slightly (0.2%) over the period 2006-2012, demand for accommodation decreased by 1.1% annually and occupancy rates fell by 4.4% (see Table 5). These trends suggest there is an oversupply of rooms in the market and that the sector is not delivering results that would encourage future investment in new properties unless the industry can find new tourist markets that will boost demand for its offerings. The decline in demand for accommodation in the region may also be reflective of the age and standard of accommodation stock – coupled with a perceived lack of diversity in destination experiences and entertainment options.

Despite a decline in visitor numbers, perhaps somewhat surprisingly the accommodation and food services sector recorded an increase of 689 employees over the past five years – although in all likelihood this has been driven in part by continued (albeit slower) population growth.

Table 5: Sunshine Coast Demand for Overnight Accommodation

| Year | Room Supply (No) | Room nights sold (No) | Occupancy Rate |
|------------------------------|-------------------------|------------------------------|-----------------------|
| YE Jun 06 | 5,352 | 1,169,454 | 60.2% |
| YE Jun 07 | 5,412 | 1,181,565 | 59.9% |
| YE Jun 08 | 5,610 | 1,205,259 | 58.7% |
| YE Jun 09 | 5,534 | 1,138,536 | 56.4% |
| YE Jun 10 | 5,458 | 1,141,676 | 57.3% |
| YE Jun 11 | 5,610 | 1,126,049 | 54.9% |
| YE Jun 12 | 5,418 | 1,105,495 | 55.7% |
| Total Growth | 67 | -63,959 | -4.4 ppt (a) |
| Annual Average Growth | 0.2% | -1.1% | -1.5ppt (a) |

Note (a): Total growth (2006-2012) in occupancy rates is expressed as a percentage point change.

Source: AEC Group, January 2013

The traditional reliance of the Sunshine Coast economy on the tourism industry makes the region's economy particularly vulnerable to a slowdown in visitor numbers. A 2011 study by Tourism Research Australia indicates the Sunshine Coast is the nation's 16th most tourism reliant economy in Australia, rating at 6.7% (see Table 6). The study rated the Top 20 Tourism Regions by the importance of tourism to their economies. The Sunshine Coast's rating of 6.7% is well above the Australian benchmark of 3.0%, and slightly above that of the Gold Coast (6.4%) which is the region's geographically closest competitor in (Tourism Research Australia, April 2011).

Regions whose economies are heavily dependent on tourism are more likely to be vulnerable to a range of specific fluctuations beyond the region's control. For example, heavy reliance on domestic tourism exposes an economy to the impacts of a slowdown in the domestic economy and a rising value of the domestic currency – whereas a heavy reliance on international tourism generates exposures to the global economy and to movements in currency rates. As the tourism industry is a significant component of the Sunshine Coast's economy, this high dependence increases the vulnerability of the entire economy.

Table 6: Top 20 Tourism Regions by Economic Importance of Tourism

| Rank | Region | Economic Importance of Tourism % | Total Tourism Expenditure (\$M, Purchaser Price) | Rank | Region | Economic Importance of Tourism % | Total Tourism Expenditure (\$M, Purchaser Price ¹) |
|---|----------------------------------|----------------------------------|--|------|--|----------------------------------|--|
| 1 | Central, Northern Territory | 24.8 | 411 | 11 | Mid North Coast, New South Wales | 8.7% | 2,041 |
| 2 | Phillip Island, Victoria | 18.7% | 391 | 12 | Upper Yarra, Victoria | 7.7% | 92 |
| 3 | Whitsundays, Queensland | 17.7% | 685 | 13 | Central Murray, Victoria | 7.4% | 373 |
| 4 | Snowy Mountains, New South Wales | 17.1% | 495 | 14 | High Country, Victoria | 7.2% | 470 |
| 5 | West Coast, Tasmania | 16.2% | 102 | 15 | Australia's Coral Coast, Western Australia | 6.9% | 512 |
| 6 | East Coast, Tasmania | 14.6% | 129 | 16 | Sunshine Coast, Queensland | 6.7% | 2,458 |
| 7 | Spa Country, Victoria | 14.3% | 163 | 17 | Outback, Queensland | 6.5% | 409 |
| 8 | Kangaroo Island, South Australia | 14.1% | 63 | 18 | Gold Coast, Queensland | 6.4% | 4,528 |
| 9 | Tropical North Queensland | 9.7% | 2,761 | 19 | Western Victoria | 6.2% | 880 |
| 10 | Lakes, Victoria | 9.2% | 5296 | 20 | Northern Rivers, New South Wales | 6.1% | 1,185 |
| Australian Benchmark (%) – Economic Importance of Tourism – 3.0% | | | | | | | |

¹ Purchaser Price is the amount paid by the purchaser, excluding any deductible tax, in order to take delivery of a unit of a good/service at the time and place required by the purchaser.

Source: *Tourism Research Australia, Department of Resources, Energy and Tourism, April 2011.*

Retail

The broader health of the economy impacts significantly on regional retail markets. The slowing of the population growth rate in the region has coincided with a slowing of commercial and retail property development – demonstrating the close co-dependence between population growth and commercial and retail property development. Nationally, the retail industry is experiencing little growth. Retail turnover in October 2012 showed a zero growth figure and the Australian Bureau of Statistics reported that all discretionary spending has declined, with only food retailing recording a slight increase. Notably between 2006 and 2011, the Sunshine Coast retail industry lost 299 employees even though it remains the second largest employer in the region.

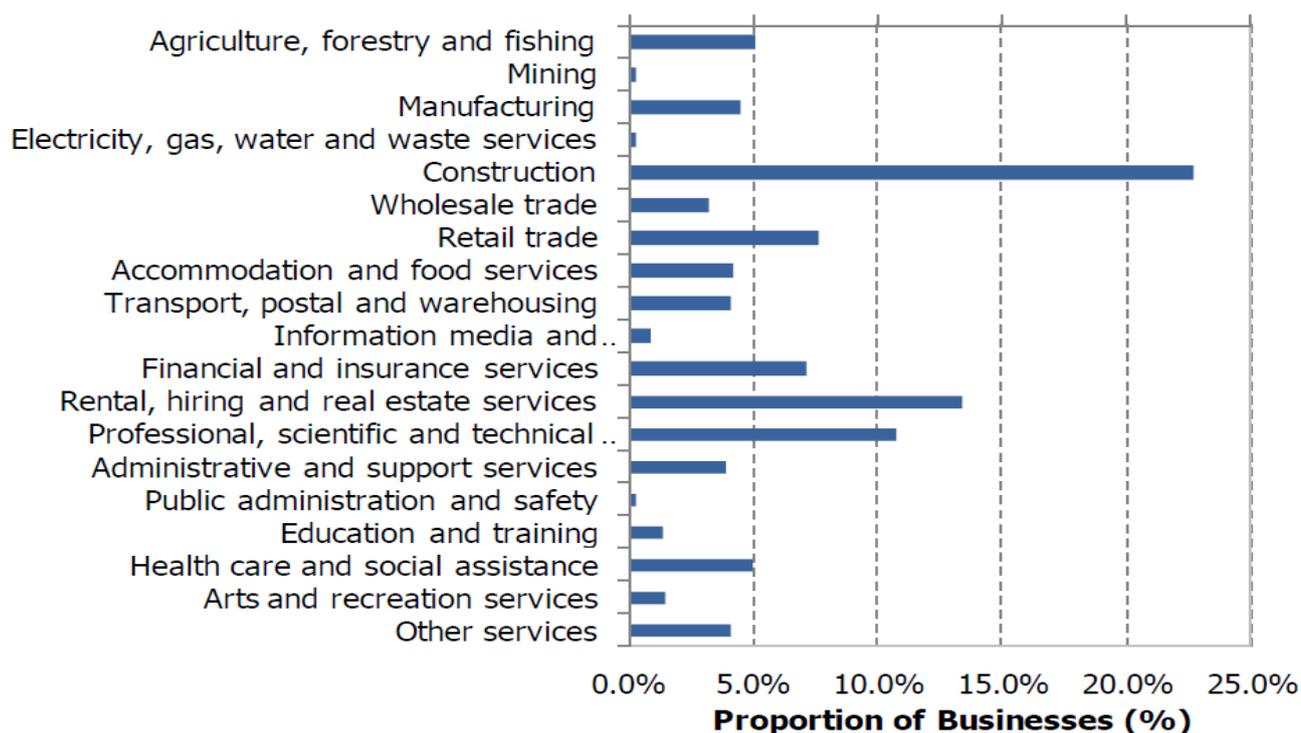
Profile of the Region's Business Sector

More than 35,150 registered businesses in a range of industry sectors exist on the Sunshine Coast (AEC Group, January 2013). Figure 5 shows that the Sunshine Coast business profile is dominated by the construction industry, recording 22.7% of total businesses in the region in 2011. This is indicative of the

nature of the construction industry, comprising many small businesses and single operators in the trade sectors. This is also the case for rental, hiring and real estate services, which also recorded a high proportion of the businesses (13.4%).

The Sunshine Coast is characterised by a heavy concentration of small business and arguably insufficient large business to offset small business vulnerability to the ebb and flow of economic cycles or global market fluctuations. Some 96.4% of registered businesses in the region are classified as small enterprises employing less than 20 people, which is higher than the Queensland average of 95.7%. The region also records fewer medium and large businesses than the State average. Approximately 54 or 0.2% of the total registered businesses are recorded as being large businesses employing 200 or more persons (see Table 7 below).

Figure 5: Sunshine Coast Business Counts by Industry, 2011



Source: AEC Group, January 2013

Table 7: Counts of Registered Businesses by Employment Size, Sunshine Coast, 2010-11

| Statistical Area | Small | | Medium | | Large | | Total |
|------------------|---------|------|--------|-----|--------|-----|---------|
| | Number | % | Number | % | Number | % | Number |
| Sunshine Coast | 34,530 | 96.4 | 1,230 | 3.4 | 54 | 0.2 | 35,814 |
| Queensland | 411,935 | 95.7 | 17,310 | 4.0 | 1,161 | 0.3 | 430,406 |

Notes:

(a) This does not account for those businesses which operate out of multiple locations, other than at their main location. (Totals will differ to other data used in this report.)

(b) Businesses are defined as small (employing less than 20 people, including non-employing businesses), medium (employing 20 or more people but less than 200 people) and large (employing 200 or more persons).

Source: Queensland Treasury and Trade, 2013

Business Confidence

The level of business confidence in the region decreased slightly during April 2013 with 80% of Sunshine Coast businesses believing their business will perform better or stay the same in the next six months, compared to 83% in October 2012. The result, however, is 8 percentage points higher than the results consistently recorded during 2011 and early 2012, demonstrating a rising trend in confidence over the past twelve months (*Sunshine Coast Business Confidence Survey, April 2013*). Negative factors for business condition improvement identified in the *Sunshine Coast Business Confidence Survey* included:

- rising overheads and utility costs
- price pressure from competitors and customers
- taxes and government charges and
- global and national economic performance.

The price structures of waste, water, gas and energy services, as well as telecommunications services, present a key area of rising costs for regional business and industry.

Other potential regional challenges identified by business and industry through targeted consultations include:

- perceptions that the region is too costly to establish, maintain and grow a business when compared with other large regions across Australia
- a perceived weakness in access to digital technology
- a deficit in economic infrastructure investment by State and Federal Governments, impacting on the competitiveness of the region and its capacity to meet the needs of its community
- a well-established tourism brand which can prove detrimental in attracting non-tourism related business investment and
- a lack of a common and shared regional vision.

Workforce

Employment

Table 8 shows that the unemployment rate for the Sunshine Coast in January 2013 (at 6.0%) was higher than the unemployment rates for Australia, Queensland and the Gold Coast (5.4%, 5.5% and 5.3% respectively), largely representing previous trends. The region’s unemployment rate has fluctuated since January 2013, with the Sunshine Coast recording an unemployment rate of 6.4% in July 2013, compared with the lower Queensland rate of 5.9%. Census statistics from 2006 and 2011 indicate that the Sunshine Coast also has a heavier concentration of part-time and casual jobs compared with other labour markets (see Table 9). For example, the Sunshine Coast had 56,249 persons or 38.7% of total employment in part-time work in 2011, while the Greater Brisbane region had a much lower proportion at just 31.2% of total employment (ABS Census data, profile.id).

While relatively high unemployment is typical of regions in Australia where the economy is based around lifestyle rather than mining and resource extraction, the ongoing high unemployment rate is a source of continuing concern to Sunshine Coast families and can act as a disincentive to attracting new investment to the region.

Table 8: Sunshine Coast Labour Force Status Comparison, January 2013

| | Unemployment Rate % | Employment Rate % | Participation Rate% |
|----------------|----------------------------|--------------------------|----------------------------|
| Sunshine Coast | 6.0 | 70.8 | 59.1 |
| Gold Coast | 5.3 | 73.6 | 64.7 |
| Queensland | 5.5 | 72.5 | 66.2 |
| Australia | 5.4 | 72.3 | 65.0 |

Source: DEEWR, *Labour Force Status by ABS Labour Force Region, Jan 2013*

Table 9: Sunshine Coast Employment Status

| Sunshine Coast Total Labour Force 145,352 | 2011 | | | | | | 2006 | | | | | |
|--|---------|------|---------|-------|-------|-------------|---------|------|--------|-------|-------|-------------|
| | Number | SC % | BRI S % | SEQ % | QLD % | Australia % | Number | SC % | BRIS % | SEQ % | QLD % | Australia % |
| Employed | 135,074 | 92.9 | 94.1 | 93.7 | 93.9 | 94.4 | 119,625 | 94.2 | 95.6 | 95.3 | 95.3 | 94.8 |
| Employed Full-Time | 76,128 | 52.4 | 61.0 | 59.3 | 60.0 | 59.7 | 69,127 | 54.5 | 62.6 | 61.2 | 61.7 | 60.7 |
| Employed Part-Time | 56,249 | 38.7 | 31.2 | 32.6 | 31.9 | 32.6 | 47,385 | 37.3 | 30.5 | 31.7 | 31.0 | 31.5 |
| Hours of work not stated | 2,697 | 1.9 | 1.9 | 1.9 | 2.1 | 2.0 | 3,113 | 2.5 | 2.5 | 2.5 | 2.5 | 2.9 |
| Unemployed | 10,278 | | | | | | 7,303 | | | | | |
| Total S.C. ¹ Labour Force | 145,352 | | | | | | 126,928 | | | | | |

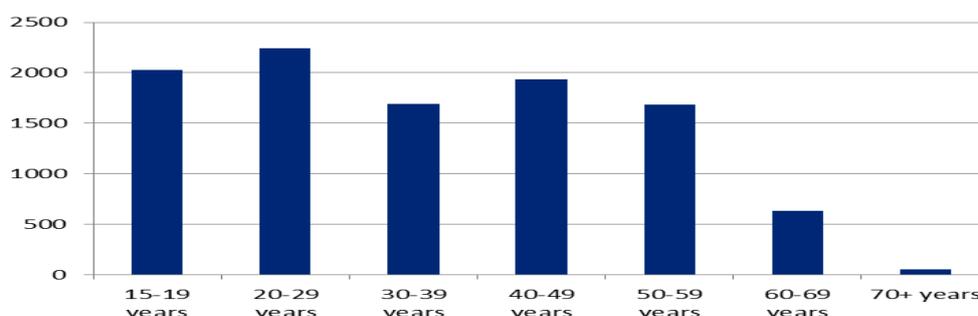
¹Based on Australian Bureau of Statistics, Census of Population and Housing 2006 and 2011 and Usual Residents data. Includes every resident that is employed – whether the employment is within the region or elsewhere. Source: profile.id.

The Sunshine Coast’s workforce participation levels (59.1% in January 2013) have generally been lower in comparison with SEQ and Queensland levels. Queensland Government reports indicate that the Sunshine Coast participation rate decreased from 2010-2011 (63.0%) to 2011–12 (61.2%) and that the region had the second lowest participation rate across all Queensland Statistical Regions in 2011-2012 (after Wide Bay Burnett at a 55.9% participation rate). (OESR, July 2012).

However, notwithstanding the region’s low participation rate there are comparatively significant numbers of young people looking for employment. The largest age cohort of unemployed people on the Sunshine Coast is in the 20-29 years age range of which there were over 2,000 in 2011. The next largest group was school leavers (15-19 years), followed by people in the 40–49 years age range (see Figure 6 below). Youth unemployment (15-24 year olds) on the Sunshine Coast in the December 2012 quarter was 15.1% (12.6% for Queensland), while the teenage unemployment rate (15-19 year olds) was 38.2% (25.3% for Queensland) (Sunshine Coast Council Statistical Update, March 2013).

Employment statistics from ABS Census data 2011 indicate that the majority of 15-24 year olds in the region were employed in the retail industry (26.3%), followed by accommodation and food services (19.7%) and construction (12.3%). In total, these industries employed 58.3% of 15-24 year olds. This largely reflects the region’s comparatively narrow economic base and employment opportunities and underlies the need for alternative high-value and durable employment options to be developed for young people outside these core industries – given the vulnerability of these industries to declining rates of population growth and visitation numbers (as already discussed) (RDA, 2012).

Figure 6: Number of Unemployed Persons by Age in Sunshine Coast 2011



Source: Deloitte Access Economics, May 2013

Income Levels

Both household and individual income levels on the Sunshine Coast are lower than those for south-east Queensland and Queensland as a whole - which in part is reflective of the demographic profile and industry investment profile of the region. Low income levels do, however, have an impact on consumption patterns, market depth and housing affordability for residents.

Analysis of individual income levels on the Sunshine Coast in 2011, compared to Greater Brisbane, shows that there was a lower proportion of persons earning a high income (those earning \$1,500 per week or more) and a higher proportion of low income persons (those earning less than \$400 per week). Overall, 8.7% of the Sunshine Coast population earned a high income and 37.6% earned a low income - compared with 13.4% and 33.4% respectively for Greater Brisbane (profile.id, 2013)

Average annual incomes on the Sunshine Coast have been consistently lower than that for south-east Queensland (SEQ) and Queensland as a whole. This is indicative of the area being recognised as a lifestyle region and a greater proportion of the population not being part of the age cohort that generally makes up the employed labour force. Data from the 2011 Census reflects this trend. Average individual annual incomes for the Sunshine Coast were around \$42,000, compared to around \$50,500 in SEQ and \$50,300 for Queensland. Average household incomes on the Sunshine Coast are also lower than SEQ and Queensland levels, with Sunshine Coast households on average earning 22.3% less than average Queensland households and 15.7% less than the average SEQ household (see Table 10 below).

Table 10: Average Weekly Household and Individual Income by Place of Residence, 2011

| Region | Households | | Individuals | |
|--------|--------------------|----------------------------|--------------------|----------------------------|
| | Average Income(\$) | Percent more than SCRC (%) | Average Income(\$) | Percent more than SCRC (%) |
| SCRC | \$1,010 | N/a | \$830 | N/a |
| SEQ | \$1,169 | 15.7% | \$971 | 17.0% |
| QLD | \$1,235 | 22.3% | \$968 | 16.7% |

Based on: 2011 Census data . ABS (2012d)
Source: AEC Group Ltd

Table 11 shows the comparative income levels of industry sectors on the Sunshine Coast. It shows that retail and accommodation services are the second and fourth largest employers on the Sunshine Coast - yet pay the lowest wages in the economy (\$621 for retail trade and \$557 for accommodation and food services). These low wages may be compared to incomes paid by sectors in the economy with higher value-add and where higher skills are required, such as professional and scientific services (where the average income is \$1,086), education and training (average income \$1,002), and health care and social assistance (average income \$912)³.

Table 11 also shows that the construction industry is a relatively high paying industry (paying average wages almost double that for food and accommodation services). However (as has already been noted), the construction industry is dependent on population growth and is at risk if population growth rates continue to decline.

³It should be noted that the average income level shown for the health and social assistance sector would be higher if certain occupations in the social assistance sub sector were discounted, such as aged and disability care workers and child care workers, which are traditionally lower paid occupations. If wages for the sector were shown only for core health professionals (doctors, nurses, allied health professionals etc.) the income level for this sector would be much higher on the scale.

Table 11: Summary Table, Sunshine Coast Economy 2011

| Industry | GRP (\$M 2010-11) | Employed People | Average income |
|---|-------------------|-----------------|----------------|
| Agriculture, forestry and fishing | \$390 | 2,483 | \$678 |
| Mining | \$38 | 301 | \$1,803 |
| Manufacturing | \$860 | 8,030 | \$867 |
| Electricity, gas, water and waste services | \$240 | 1,073 | \$1,304 |
| Construction | \$1,522 | 12,536 | \$1,064 |
| Wholesale trade | \$443 | 3,809 | \$884 |
| Retail trade | \$1,279 | 16,889 | \$621 |
| Accommodation and food services | \$586 | 12,342 | \$557 |
| Transport, postal and warehousing | \$456 | 3,974 | \$986 |
| Information, media and Telecommunications | \$287 | 1,529 | \$980 |
| Financial and insurance services | \$1,284 | 3,349 | \$1,132 |
| Rental, hiring and real estate services | \$576 | 3,107 | \$1,003 |
| Professional, scientific and technical services | \$756 | 7,269 | \$1,086 |
| Administrative and support services | \$296 | 4,095 | \$734 |
| Public administration and safety | \$471 | 4,842 | \$1,126 |
| Education and Training | \$519 | 10,355 | \$1,002 |
| Health care and social assistance | \$1,180 | 17,399 | \$912 |
| Arts and recreation services | \$72 | 2,046 | \$577 |
| Other services | \$240 | 5,049 | \$685 |
| Ownership of dwellings | \$1,430 | N/A | N/A |
| Gross Sector Value Add | \$12,925 | N/A | N/A |
| Taxes Less Subsidies | \$890 | N/A | N/A |
| Total/Average | \$13,815 | 120,477* | \$953 |

*Total employment reflects Census of Population and Housing 2011 but does not include residents that work outside the region.

Source: AEC Group. January 2013

Occupations and Qualifications

Higher education levels on the Sunshine Coast are comparatively low with less people in the Sunshine Coast population holding formal qualifications (vocational to Bachelor levels) compared with Greater Brisbane. A similar proportion of people in both regions hold no formal qualifications. Overall in 2011, 45.6% of the population, aged 15 years and over, held educational qualifications (compared with 46.3% in Greater Brisbane), while 43.9% of the Sunshine Coast population had no qualifications (compared with 44% for Greater Brisbane) (sourced from profile.id, 2013).

Table 12 shows that, when compared with SEQ and Queensland as a whole, the Sunshine Coast population has a higher incidence of diploma and vocational certificate qualifications but a lower incidence of tertiary level (Bachelor and postgraduate) qualifications (AEC Group, January 2013).

Table 12: Sunshine Coast, SEQ and Queensland Post-High-School levels of Education, 2011

| Post High-School Education Level | SCRC | SEQ | QLD |
|---|---------------|---------------|---------------|
| Postgraduate Degree Level | 2.2% | 3.7% | 3.1% |
| Graduate Diploma and Graduate Certificate Level | 1.7% | 1.8% | 1.6% |
| Bachelor Degree Level | 11.9% | 14.8% | 13.1% |
| Advanced Diploma and Diploma Level | 10.1% | 9.2% | 8.5% |
| Certificate Level | 24.9% | 21.3% | 22.3% |
| Not applicable | 49.1% | 49.3% | 51.4% |
| Total | 100.0% | 100.0% | 100.0% |

Source: AEC Group. January 2013

2011 Census data indicates that, compared with the Greater Brisbane area, the Sunshine Coast population has a larger percentage of Technicians and Trades Workers, Sales Workers, Labourers and Community and Personal Service Workers (profile.id, 2013).

Demographics

The demographic profile of the Sunshine Coast raises some core challenges for the region including the impact of a low level of diversity in the workforce, particularly for future skill needs and future investment into the region; and the ability of the region to provide the health and community services support for the ageing population.

While the regional population continues to grow - although at a slower than previously forecast rate - the demographic profile underpinning this growth raises a number of challenges in developing a resilient economy.

The region has a significantly higher proportion of people over the age of 45 years than state and national averages. Around 46% of the region's population is aged over 45 years, while the State average in this cohort is approximately 37% and Greater Brisbane approximately 35.6%. The median age of people on the Sunshine Coast is 42 years, compared with 35 years in Brisbane and almost 37 years nationally and in Queensland (see Table 13 below). Between 2006 and 2011, the Sunshine Coast population increased by 30,637 people with the largest change being an increase in persons aged between 50 and 64 years (+13,279 persons). Compared with the Greater Brisbane area, the Sunshine Coast has a larger proportion of persons aged between 60 and 79 years. For example, the Sunshine Coast has 5.7% of persons aged between 65-69 years compared with the much lower proportion of 3.8% of persons between 65-79 years in Greater Brisbane (ABS Census data 2011, profile.id).

Table 13: Median Age, Sunshine Coast and Queensland, 2006 and 2011

| Statistical area level 3 | Median age as at 30 June | | Change (2006 to 2011) years |
|---------------------------|--------------------------|-------------|--------------------------------|
| | 2006 | 2011 | |
| | — years — | | |
| Sunshine Coast SA4 | 40.8 | 42.0 | 1.2 |
| Queensland | 36.0 | 36.6 | 0.6 |

Note: Based on Australian Bureau of Statistics, Australian Statistical Geography Standard (ASGS), July 2011. Median estimates have been calculated by the Office of Economic and Statistical Research; *Population by Age and Sex, Regions of Australia 2011*, unpublished data.
Source: OESR, *Queensland Regional Profile, Sunshine, 2013*.

Just 29% of the population on the Sunshine Coast are young married couples with children, often seen as a core aspirational group for workforce participation and economic growth. The ageing population and under representation of 20 to 39 year olds has many implications for regional workforce participation, income support and the future provision of health and community services. It also has ramifications for the investment proposition of the region, workforce and skills retention and breadth of the economy.

Deloitte Access Economics has predicted that the slowdown in population growth coupled with an ageing population will pose challenges in providing a sufficient labour supply for the region's growing and changing industry base over the next 20 years - particularly the projected growth in health, education and professional services. The region may need to consider targeted initiatives to attract suitable workers from elsewhere in Queensland and interstate as well as making significant local investments in education and training. This suggests a compelling need to ensure the current secondary school age population in the region has a high level of awareness of what the future employment demand will be in the region and clear and accessible pathways to acquiring the qualifications and skills to take advantage of this demand. In order to address specific professional and technical skills shortages and meet future business and industry skills needs, the region may also need to consider options to attract migrants with specialist skills and business expertise.

4. COMPETITIVE ANALYSIS – WHAT ARE THE EMERGING OPPORTUNITIES AND WHERE ARE THE REGION'S COMPETITIVE STRENGTHS?

Current regional opportunities for growth, as well as future economic trends and opportunities, are examined below. Together, these opportunities provide a potential platform to transform the region's economy from a reliance on essentially population and visitor-driven industries to a broader range of industries which offer higher value returns to the economy, higher wages and greater resilience to external market forces.

Global, National and Regional Trends and Regional Opportunities

New Global Trends

A CSIRO Futures research team has identified six 'Global Megatrends' which will substantially change the way people live as well as the areas of future business opportunity arising from these trends (CSIRO, 2012).

The six future trends are interlinked and are indicative of a significant shift in environmental, economic and social conditions over the next 20 years. Relevant opportunities for the Sunshine Coast arising from these megatrends include:

- **More from less** - increased demand for natural resources such as food (particularly demand emanating from Asia) and agricultural land as well as energy resources and infrastructure. This may mean a shift to increased efficiency in food production in response to potentially greater demand for food and volatile food prices, and a shift to renewables, recycling and biofuels
- **Going, going, gone** – Eco-tourism business opportunities and a role in preserving natural assets and habitats due to a decline in biodiversity and the degradation of natural habitats elsewhere
- **The silk highway** – access to new markets in Asia and India due to rapidly growing economies and income levels and an opportunity to look at niche markets to meet Asian demand for products and services (Asian demand is predicted to be greatest for Australia's natural resources, education, tourism and agricultural products – three of which are directly relevant opportunities for the Sunshine Coast)
- **Forever young** – increased demand for healthcare from ageing populations and other services to meet lifestyle and wellness needs
- **Virtually here** – predominance of digital media and increased connectivity in our future will increase demand for digital services and solutions as well as a significant and growing demand for online retail and tele-working options and
- **Great expectations** – rising demand for personalised services and experiences presents opportunities for the region to develop personalised tourism and leisure experiences and products.

Federal and State Government Policies for the Future

Recent national and state policy initiatives present clear industry and employment opportunities and focal points for new investment activities:

- Federal Government policy initiatives to transition to a clean energy economy (*Securing a Clean Energy Future Plan*, 2011), and to focus on economic connections with Asia (Federal Government's White Paper, *Australia in the Asian Century*, 2012), provide an opportunity for the region to look afresh at national and global markets and how it can best structure and secure new business investment;
- the Queensland Government's *Trade and Investment Strategy 2011-16*, which identifies China as a key growth market for tourism visitation and international education - both of which already dominate the services export category in current Australian exports.

Activities to leverage opportunities afforded by these policy agendas must be exploited at regional and sectoral levels. The Sunshine Coast already has particular industry strengths in education and tourism and emerging capabilities in health, professional services, clean technologies and value-added food and beverage products that are consistent with the key focus areas identified by Federal and State Governments for industry growth and export development.

All levels of government are recognising the economic value of escalating demand for these products and services – particularly from a burgeoning and increasingly affluent Asian middle class. The Sunshine Coast is well placed to capitalise on these opportunities - if it can convincingly generate an appropriate level of investment in the areas of strong global demand and a mix of export oriented businesses and industries. The Sunshine Coast Council has recently launched an International Business Development Program to support specific regional export programs and access to trade and investment networks, advice and mentoring opportunities - leveraging off Federal and State export enhancement and investment policies. This Program is underpinned by similar directions to those posed in the draft Strategy.

Hallmarks of successful regional economies

In *What Works: Identifying successful strategies for sustainable economies and jobs growth in the 'second tier' of Australian regions* (2010), Professor Mike Hefferan of the University of the Sunshine Coast suggests there are a number of key initiatives which have proven successful in developing and promoting strong and sustainable regional economies.

These initiatives – which are key influencers in the directions posed in the draft Strategy - include:

- building up sectors which are less volatile and, to some extent, recession proof such as education and health
- the attraction of capital investment as a key priority
- a local-to-global approach for business development and links across regional boundaries and
- partnerships between all key leadership groups to develop a regional economy.

Major Infrastructure

The development of the Sunshine Coast University Hospital, the delivery of the Maroochydore city centre, the expansion of the Sunshine Coast Airport and the growth of the University of the Sunshine Coast are either occurring now or are projected to commence in the next five years. These projects will be the catalysts for significant economic development and employment growth in the region for at least the next 10-15 years. These 'game changer' projects collectively equate to a minimum direct investment of over \$2.5 billion in the regional economy and have the capacity to leverage associated investment of nearly double this amount. They represent a key opportunity to strengthen the region's economy, stimulate broader business investment and generate employment for the local community.

While the initial impact of these projects will be a significant boost for the construction industry, the transformational effect will be felt over a much longer time frame, as these projects will potentially position the region as a major centre for high-value, higher-paying employment in health and education services, professional services, innovation and research and international tourism.

Critical transport linkages – particularly to Brisbane – are also of paramount importance to the future health of the regional economy, the growth of tourist visitation and connectivity with national and global markets. Efforts to grow tourist visitation and connect to international destinations for export purposes will flounder if these linkages – and particularly, the upgrade of the Bruce Highway – are not addressed.

Growth Industries

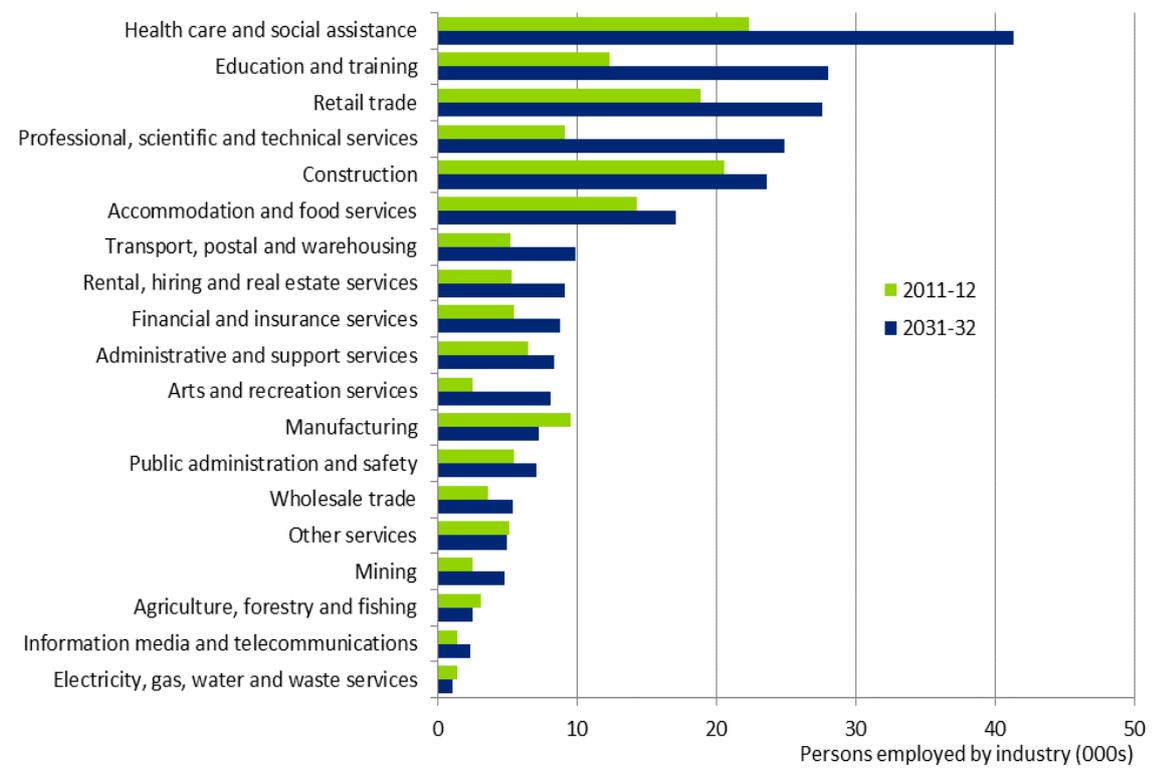
Recent economic profiling identifies the following sectors as areas of opportunity to drive higher value across the Sunshine Coast economy and assist to strengthen the economy:

- local speciality food and beverage production (where the region already has a growing reputation)
- professional business services (where there is considerable potential for import replacement) and knowledge industries
- clean technologies (where the region is developing niche capabilities)
- aviation and aerospace services (on the back of the expansion of the Sunshine Coast Airport)
- tourism, sport and leisure (fuelled by a demand oriented tourism offer, the expansion of the Sunshine Coast Airport and a focus on major events).

- health and wellbeing services and expertise (driven by the development of the Sunshine Coast University Hospital) and
- education and research services (leveraging off strong capabilities and facilities already in the region)

The identification of these growth sectors is based on the assessment of current regional business clustering and expertise, existing regional competitive advantages and recent investment, in addition to the growth of specialist companies and professional services in the region which create an opportunity for local expansion and import replacement (AEC Group, January 2013). Consideration has also been given to the demand that will emanate from national and global markets (as discussed previously) and the major infrastructure investments (also referred to above). The forecast industry growth taking into account these considerations is depicted in Figure 7 below.

Figure 7: Industry Structure of Employment in Sunshine Coast, 2011-12 and 2031-32



Source: Deloitte Access Economics, 2013

Education, Research and Development

The Sunshine Coast already hosts a relatively large range of education and training facilities and services. The recent growth of the educational sector, including the development of research capacities and course offerings, provides a rich source of potential services and support to future economic growth in the region. It is anticipated the higher education sector (including TAFE) will play an increasingly central role in the economy in the next 20 years in training workers in local sectors predicted to grow most strongly, including health services, professional services and the education sector itself (for example, a greater demand for teachers). It is projected that by 2031-32 the education sector will overtake construction as the region’s second biggest employer after health and social services (see Figure 7).

Retail

Despite a slowing in retail growth in the region associated with slower population growth, employment in the retail sector is expected to rise sharply after 2013-14 as increased construction activity arising from the 'game changer' projects will lead to additional demand for retail products and services. This heightens the importance of ensuring that the investment in these projects is secured – not only to facilitate growth in the range of high-value sectors but also to provide the stimulus to enhance the productivity and growth in the traditional population dependent sectors of retail and construction.

Land Use

The Sunshine Coast has an availability of developed and undeveloped industrial land for potential investment attraction and business use. There is also an approved pipeline of land in key urban centres to support future commercial and residential investment. A large and wide mix of rural land is also available to support a multiplicity of agricultural uses and niche tourism experiences. Availability of land supply to meet forecast industry growth requirements is not seen as a critical issue as impeding growth and investment in high-value industry sectors.

Tourism and Lifestyle

The Sunshine Coast is recognised for its clean, natural, beautiful environment and enviable lifestyle. This reputation and branding draws people from Australia and overseas to live and holiday in the region. As a tourism destination, the Sunshine Coast attracted approximately 9 million visitors to the region to the year ending December 2012 - including almost 6 million domestic day trip visitors. Tourism Research Australia estimates the tourism industry currently contributes in excess of \$1 billion or 7.7% in Gross Regional Product (AEC Group, January 2013). However, as previously indicated, the tourism industry has seen reduced demand for overnight accommodation suggesting that the sector needs to access new markets and improve investment in destination experiences and accommodation stock if the industry is to return to higher visitation growth rates.

On a wider economic level, if the region is to seize the opportunities to broaden its industry base and attract investment in high-value industries, the branding of the Sunshine Coast as a premier lifestyle region will need to broaden and change. The region will need to be recognised for qualities besides being 'a great place to live or visit' - if it is to successfully compete for business and infrastructure investment in a global market. Qualities such as 'cleverness' and 'connectedness' will become increasingly important as the region seeks to attract and develop higher-value industries, often with a strong knowledge base, and as it seeks to market niche products in areas like agribusiness and clean technology. Some early progress had been made, in a narrow sense, with the region's sustainability commitment - consistent with the aspirations for organic food producers and some clean technology manufacturers and service providers.

Proximity

The Sunshine Coast, as part of SEQ, is well located near the capital city of Brisbane with relatively easy access to national and international markets via the Sunshine Coast Airport, Brisbane International and Domestic Airports and the Port of Brisbane. Proximity to major service centres and government, business and transport hubs is a major advantage for the region and one that should be exploited in terms of future market and business expansion. However, a significant risk to reliable connectivity with Brisbane is the Bruce Highway - which arguably has reached regional capacity with its current configuration. Over the next five years, the upgrade of the Bruce Highway – particularly between Caboolture and the Caloundra Road interchange - as well as improving public transport options between Brisbane and the region must be addressed if the economic benefit derived from the region's proximity to Brisbane is not to be compromised.

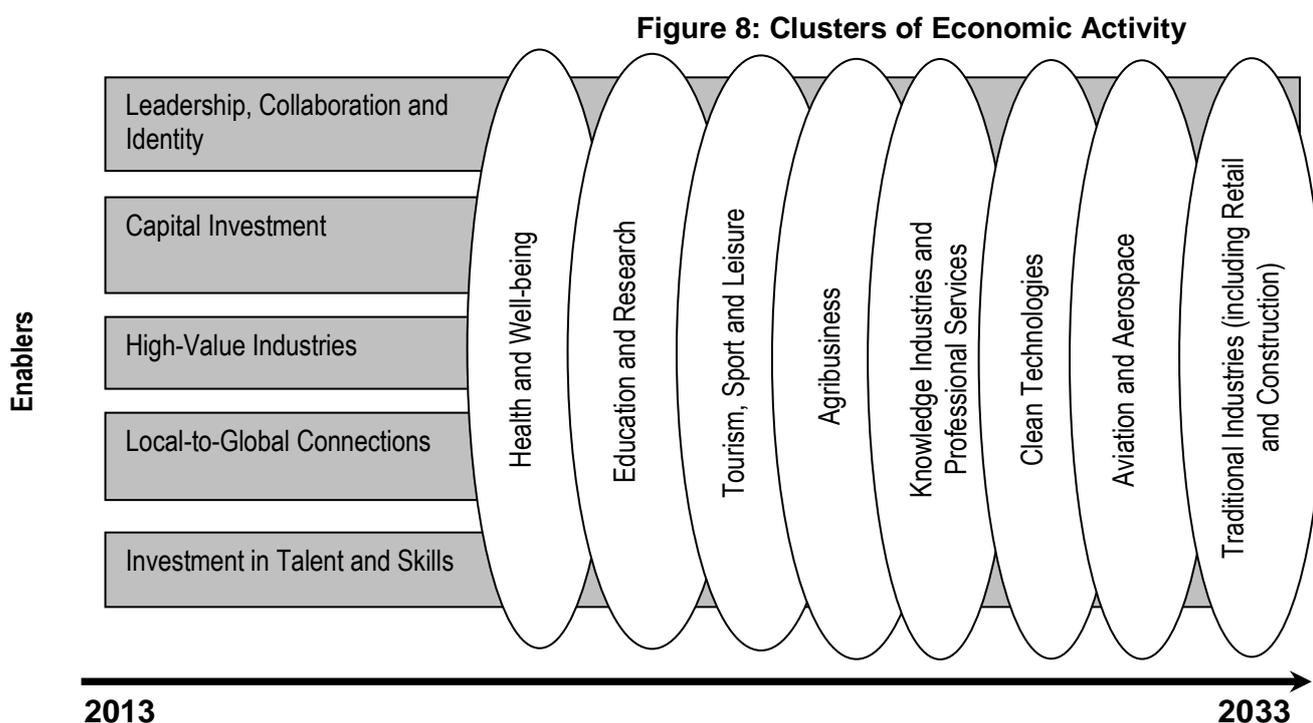
5. THE NEW ECONOMY – HOW WILL WE TRANSITION TO A NEW ECONOMY?

Key Sectoral Growth Opportunities

The Strategy aims to take advantage of global and national trends and priorities and local opportunities to strengthen the region's economic base - leading to a new economy that delivers higher employment levels, higher incomes and increased prosperity for the region as a whole. The Strategy advocates a focus on seven high-value industries and five 'game changer' projects as key drivers of the transition to a new economy. This part of the Research Compendium discusses the basis for these proposed focus areas and the broader opportunities for the region in more detail.

The vision contained in the Strategy suggests that the region's economy (including its traditional sectors of construction, retail and tourism) will be strengthened and extended by securing capital investment in the 'game changer' projects, attracting and growing investment in other high-value industries, focussing on local-to-global demand and attracting and retaining talent and skills (see Figure 8 below).

Building investment in high-value industries requires a focused and discerning approach. New and enabling technologies, such as information and communication technologies (ICT) support innovation and transformation across industry sectors. Research shows that innovative businesses are twice as likely to increase productivity, 41% more likely to increase profitability, twice as likely to export and up to four times more likely to increase employment (Department of Industry, Innovation, Science and Research, Australian Government, 2011). An emphasis on developing business investment in research, innovation and digital participation should be a particular characteristic of the high-value industries that are attracted to invest in the region.



Over the next twenty years, these high-value industries will present significant opportunities for business or industry expansion, high-value employment, investment and economic return for the region and are likely to generate much of the transition from a consumption-oriented economy to a demand-responsive economy.

Health and Well-being

The \$1.8 billion Sunshine Coast University Hospital (SCUH), the development of a new private hospital adjacent to SCUH, and the planned development of a designated health and wellness industry hub or precinct adjacent to both hospitals, will have transformational significance for the Sunshine Coast region. All available evidence suggests it will play a pivotal role in helping to establish, anchor and expand a major health and wellbeing industry in the region.

Fully developing this industry sector has the potential to attract broader business investment and enabling industries, create higher paying jobs, meet the needs of the region's ageing population and position the region as a recognised centre for specialist health services. SCUH planners estimate that the SCUH facility, due to open in 2016, will employ 3,500 staff which will expand to 6,000 staff in 2021. The private hospital will have 600 staff. However, the boost to the local health and wellbeing industry will come not just from the direct operations of the hospitals. The hospitals will also potentially act as catalysts to attract other health related businesses and allied services to the region.

The planned development of a \$60.8 million Skills, Academic and Research Centre as part of the health precinct will help attract specialist clinicians and researchers - boosting the region's reputation as a growing knowledge industry centre and providing opportunities to market innovative health services and attract research expertise.

The combined health and social services sector has already overtaken the construction industry as the Sunshine Coast's largest employer by sector. It is predicted that the sector will almost double in size (by employment numbers) by 2031-32 with a total workforce of over 40,000. By contrast, the construction industry is expected to grow to just over 20,000 persons (see Figure 7).

Education and Research

Building up a region's relatively well-paid education sector is recognised as a key initiative which has proven successful in developing and promoting sustainable regional economies (Hefferan, 2010). The Sunshine Coast currently has an established network of education and training infrastructure as well as recognised course offerings and tertiary research capacities. AEC Group research indicates that the further development of these education and research facilities – including the Skills, Academic and Research Centre and a separate Learning and Transit Centre within the health and medical precinct at Kawana - has the capacity to stimulate new investment in a wider mix of industries and provide the local workforce pipeline to support these investments.

In terms of the impact of the education sector in the region, the University of the Sunshine Coast made a direct contribution of \$269 million to the regional economy in 2010. The University plans to reach 12,000 students by 2015 and has won \$5.45 million in Commonwealth funding over three years to boost research in areas like water sustainability, forestry and aquaculture. The TAFE campuses employ over 300 teachers and trainers who provide services to more than 17,000 students. Since 2002, the Innovation Centre at the University of the Sunshine Coast has supported the start-up and growth of 87 businesses, creating around 350 jobs.

It is predicted that, with the right investments in education and training, over the next twenty years the region's education and research reputation and capability will expand even further - stimulated by the requirement to train new workers for growing high-value sectors in the economy that will include health, the education sector itself and professional services. Deloitte predicts that the sector will in fact, more than double in size over the next twenty years to become the region's second largest employer after health and ahead of retail (see Figure 7).

With the large growth expected in healthcare, education, professional services and other high-value industries over the next 20 years, it will be essential for all Sunshine Coast stakeholders who are involved in education and training to work in partnership, to ensure that the right educational and training infrastructure is in place and the right course offerings are available to up-skill the local workforce. This will enable opportunities for economic and industry growth to be fully realised, minimise the leakage of talent from the region and assist in ensuring the right numbers of skilled workers are developed within the region or attracted to the region. Accordingly, the Strategy proposes as a key action for 2013-2018

to implement a project to achieve high level co-ordination of education investment and activity within the region.

Quality research can help to address regional challenges such as increasing industry innovation and productivity improvement. Developing productive research partnerships between the higher education sector and industry can provide the confidence, evidence and foundations to innovate and turn research into commercial products and services (*Australia Destination Innovation*, Australian Government, 2013). To this end, the Strategy proposes to establish linkages between Sunshine Coast businesses and research institutions to support high-value industry innovation and development.

Knowledge Industries and Professional Services

As indicated in Table 11, professional services make an important contribution to Gross Regional Product and employment and generally offer higher wages. However, at present a significant amount of these services is imported to the region. With the investments foreshadowed in the 'game changer' projects, a significant escalation in demand for professional services will inevitably occur. Further investment and growth in this sector on the Sunshine Coast would provide a key opportunity for import replacement and business expansion. Professional services are also critical enablers of other high-value industries. Expansion in the quality professional services sector is expected to assist future (and wider) regional business growth.

Knowledge industries, particularly those leveraging off high-speed broadband and digital technology, will bring benefits across the economy and are essential to increasing productivity, global competitiveness and improved social wellbeing (Australian Government, 2011). Research also suggests that factors which determine a community's competitiveness in a digital economy include its broadband connectivity, knowledge workers, digital inclusion and innovation (*Intelligent Community Forum*, 2012).

The region is well placed to benefit from participation in the digital economy. A greater diversity of employment opportunities will be available with an increase and improvement in broadband and telecommunications services – which are occurring now through private carrier investments and are foreshadowed over the next five years with the progressive roll out of the National Broadband Network. These opportunities will range from home-based businesses transacting globally through to larger businesses being able to locate in regional service centres which are connected seamlessly to national and global markets. Growth in investment in knowledge industries across the Sunshine Coast will support business and market development in other industries and increase high-value employment options.

Tourism, Sport and Leisure

Tourism is a core industry for the Sunshine Coast and a significant component of its economy. The Sunshine Coast was Australia's 7th largest tourism market in expenditure in 2008 (see Table 14) and with approximately 9 million visitors and contributing more than \$1 billion to GRP, the continued significance of the Tourism industry to the regional economy is unlikely to change in the foreseeable future.

However, the region needs to aggressively target attracting greater numbers of international visitors to the region if it is to reverse the decline in visitors seeking overnight accommodation and the decline in length of stay. Currently only 3% of visitors are from international points of origin compared to 8% on the Gold Coast. Furthermore, international visitors on the Gold Coast spend up to five times as much in the local economy as visitors to the Sunshine Coast (see Table 14).

The development of unique and world-class sport and leisure experiences (including through major events) are a key vehicle that can stimulate visitation flows to the region, in conjunction with the proposed expansion of the Sunshine Coast Airport. Deloitte Access Economics predicts that international visitor expenditure in the region will grow significantly over the next decade, particularly as a result of increased opportunities arising from the airport expansion (May 2013).

Table 14: Australia's Top 10 Tourism Regions 2008 – Expenditure

| Rank | Region | Domestic day trip (\$m) | Domestic overnight (\$m) | International (\$m) | Overall (\$m) |
|------|--------------------|-------------------------|--------------------------|---------------------|---------------|
| 1 | Sydney | 4,786 | 1,599 | 5,366 | 11,751 |
| 2 | Melbourne | 4,822 | 1,298 | 3,000 | 9,120 |
| 3 | Brisbane | 2,757 | 957 | 1,354 | 5,068 |
| 4 | Gold Coast | 3,090 | 498 | 940 | 4,528 |
| 5 | Experience Perth | 2,161 | 832 | 1,481 | 4,474 |
| 6 | Tropical North QLD | 1,546 | 185 | 1,030 | 2,761 |
| 7 | Sunshine Coast | 1,822 | 456 | 180 | 2,458 |
| 8 | Adelaide | 1,529 | 340 | 456 | 2,325 |
| 9 | Mid North Coast | 1,561 | 395 | 85 | 2,041 |
| 10 | South Coast | 1,263 | 521 | 140 | 1,924 |

Source: Access Economics for the Department of Resources, Energy and Tourism, February 2009 (derived from Top 20 table)

Global Megatrends indicate there will be a decline in biodiversity and natural habitats worldwide and as a result, there will be an increased policy emphasis and market demand for the preservation of – and visitation to – areas which have maintained natural habitat and their biodiversity (CSIRO, 2012). The Sunshine Coast's natural assets and biodiversity will provide a key attractant for future decades, with a niche opportunity emerging in eco-tourism offerings for domestic and international visitors. There is also potential to respond to the rising demand for personalised tourism and leisure offerings- particularly for a growing Asian middle class and niche groups looking for the ideal location to undertake a specific activity (eg. weddings, sporting events and business conventions). AEC Group research, in February 2012, indicates that the development of major events on the Sunshine Coast will present an important economic activity for the region which can stimulate investment and infrastructure development and supplement the existing suite of leisure experiences. In May 2013, the Sunshine Coast Council released the *Sunshine Coast Major and Regional Events Strategy 2013-2017* which seeks to position the region as Australia's natural, regional major events destination and support the Strategy's aims to strengthen and grow the regional economy.

At present, there is a significant policy focus by federal and state governments on supporting the growth and development of the tourism industry. National Tourism Ministers are working to establish better investment facilitation services and regulatory environments to best support tourism developments, as well as adopting a national goal of doubling 2012 overnight visitor expenditure by 2020 (*2020 Tourism Industry Potential*, Australian Government, 2010). The Queensland Government has identified Tourism as one of its four economic pillars and established an expert panel to review regulations impacting on tourism development, as well as commissioning research into the 2020 national target regarding overnight visitor expenditure. Under the Destination Q Strategy, the State Government will implement 53 projects in support of the Queensland tourism industry including ecotourism, marketing, skills and tourism partnership projects. It will be important for the Sunshine Coast to effectively leverage these initiatives to activate a quantum shift in visitation; attract new investment in tourism, sport and leisure product; and lift industry resilience.

Agribusiness

Over recent years, the region's agriculture, farming and forestry sector has suffered a decline in absolute employment numbers, with numbers decreasing by 30.5% over the past five years (Deloitte Access

Economics, 2013). In part, this potentially reflects increased demand for traditional agriculture land for alternative uses such as housing and infrastructure and in part reflects the impacts of significant regulatory reform in the industry which has impacted on the viability of smaller scale production in some agricultural segments. However, in the same period there has been a 9.7% increase in the economic value of this sector to the region with the contribution to GRP for this industry for 2010/11 equalling \$390 million (AEC Group, January 2013).

Regional agriculture once focused heavily on dairying and sugar, but with the decline of these industries it has diversified into a broad range of products, much of it for local markets but also some for specialised niche markets. There is increasing value adding to raw products, representing a higher value return to producers and the range of products emanating from the region now includes nuts, confectionary, bush foods, herbs, dried and baked goods, coffee, tea, wine and fruit juices, olive oil and avocado oil and a range of sauces, jams and chutneys.

Global Megatrends suggest there will be increased demand for food resources globally, particularly from Asia, and as well as for niche products and services to meet Asian demand (CSIRO, 2012). The research indicates there will be a great demand from China for fresh and processed food and agricultural products, with this market willing to pay a premium for quality, freshness and novelty (Federal Government's White Paper, *Australia in the Asian Century*, 2012 and Austrade, May 2012). The Sunshine Coast's agricultural sector (in particular food and beverage production) has been nominated in the draft Strategy as a focus area of opportunity, particularly in view of its growing expertise and potentially competitive offering.

This regional expertise, coupled with its clean environment reputation, recent growth in food production (e.g. value-added raw products and niche crops), provides scope for the Sunshine Coast to respond to forecast Asian demand for these products. In particular, there is an opportunity to develop the region's capacity in organic and speciality food and beverage production. There is also an opportunity to leverage off State Government plans to further develop the agricultural industry as part of its four pillar economy. The Sunshine Coast Council has released a *Rural Futures Strategy* that will help advance these issues in the region in association with the Strategy.

As with the tourism industry, there is potential to align the region's niche agri-business activities with State Government priorities. In 2012, the State Government identified agriculture as one of its four economic pillars and released the *Queensland's Agriculture Strategy: A 2040 vision to double agricultural production*. The strategy's vision acknowledges that successful agri-businesses across the supply chain will continue to underpin the industry, but that vertical integration and increased capital investment will be important for future growth. The strategy aims to enhance Queensland's reputation for sustainable, healthy, quality products to meet market expectations - especially those of Europe and Asia. An agri-food futures project – led by Regional Development Australia Sunshine Coast and other regional partners – also aims to focus on supply chain issues, business and industry development and to increase food-based tourism opportunities on the Sunshine Coast. All initiatives provide the potential for expansion and growth in the agri-business sector and for leveraging investment and employment growth.

Clean Technologies (Cleantech)

Cleantech is a term used internationally to refer to environmental or 'green' industries. Cleantech represents a diverse range of innovative technologies, products, services and processes that avoid, reduce or remediate negative environmental impacts.

The global Cleantech sector has witnessed phenomenal growth in research, products, services, investment and employment across Europe, North America and Asia stimulated by government investments and policies to promote clean energy, renewable energy, sustainable water management and recycling of waste resources. However, Queensland's growth in Cleantech enterprises has been affected by rapid changes and uncertainties in Federal and State policies on climate change, clean energy and recycling - making it difficult for companies to predict long-term market opportunities.

Notwithstanding these challenges, it is estimated that the Sunshine Coast has the third highest concentration of Cleantech businesses in the State, being home to approximately 150 Cleantech

companies employing approximately 1390 people. Major capabilities in the region exist in water management, green building design, manufacturing and environmental consulting. All these products and services benefit the end user through water efficiencies, energy efficiencies, placed based design, waste reduction, reduction of carbon footprints, lowering operating costs and contributing to a healthier environment.

There are opportunities to grow the industry locally and to utilise its image to help position the Sunshine Coast's natural advantage as an environmentally sustainable region. Key activities which should be pursued include attracting larger Cleantech companies to the Coast, actively supporting research and development opportunities related to Cleantech solutions and applications and supporting events with the aim of promoting the region's credentials as a destination for domestic and international Cleantech investment and expansion.

Aviation and Aerospace

The Sunshine Coast Airport is centrally located in the heart of the Sunshine Coast region. It is one of Australia's fastest growing regional airports carrying approximately one million passengers annually. The Airport is also home to a wide range of aviation and aviation support businesses including training and education institutes, manufacturers, freight operators, pilot training, project management companies, mechanical design and licensed maintenance and overhaul facilities.

Over a 20-year horizon, considerable potential exists to grow and develop the Sunshine Coast's aviation and aerospace industry centred on the proposed \$419 million expansion of the Sunshine Coast Airport (which includes a new runway suitable for international flights, upgrade of the passenger terminal to support international arrivals and departures and expansion of the Sunshine Coast Aerospace Precinct), but also utilising and developing other existing aerospace facilities in the region. The aviation infrastructure of the Sunshine Coast is already diverse, and, if the existing assets are preserved and optimally managed, will provide a unique and diverse offering to the Australasian aviation business market.

The potential exists for the region to attract and develop aviation and aerospace businesses in several industry segments which include fixed-wing passenger services, both regular passenger transfers and fly-in-fly-out; helicopter or rotary wing maintenance and engineering (particularly taking advantage of the growing market for helicopter related services); advanced pilot training and knowledge based aviation technology. With the evident congestion occurring at the Brisbane Airport, a clear opportunity has emerged for the region to work with the Queensland Government, the Brisbane Airport Corporation and the Gold Coast City Council on an integrated airports strategy for SEQ – one which would optimise passenger flows and investment capabilities for the fastest growing area (SEQ) in Australia.

Anticipated Growth for Traditional Industries

While a large focus of the Strategy is on supporting the development of high-value industries like health, education and professional services, it also seeks to strengthen and develop the region's traditional economic pillars which have historically relied on population and visitor growth to generate demand.

Construction Industry

The construction industry has experienced challenges in recent years due to a constrained financing environment, low levels of investor confidence, a slowdown in the region's population growth rate, a decline in demand for new tourist accommodation and limited investment in new industrial and commercial developments. However, it is inevitable that development of the new public and private hospitals at Kawana, the progression of other 'game changer' projects and the commencement of major private investments (such as the Caloundra South and the Sippy Downs Town Centre developments) will provide a boost to the construction industry locally in the short to medium term. Further, with an expansion of investment in high value industries - particularly in health and education - new employees and their families will be attracted to the region which will in turn increase the demand for new dwelling stock.

The pursuit of skilled migration to the region is an important feature of the Strategy to build the labour force capabilities and competitiveness of the region in high value sectors. This will also play a role in shaping future population growth. Furthermore, if the region succeeds in growing its tourism base, through expansion of the airport to attract international flights, there is likely to be a moderate increase in demand for new or upgraded accommodation to cater for demand from new tourism markets. Demand for accommodation stock and infrastructure to cater for the Sunshine Coast's growing number of retirees (who continue to be attracted to the region for lifestyle reasons) and very elderly residents (requiring specialised residential care services), is also likely to provide a localised stimulus to the construction industry.

Retail Industry

Employment in the retail industry is expected to rise sharply after 2013-14 as increased construction activity associated with the planned 'game changer' projects leads to additional demand for retail goods and services. Predictions are that following the construction phase, the additional demand for labour in the retail sector will slow but will continue to increase moderately because of the broader increase in population, employment and economic activity generated by the 'game changer' projects. Some 400 additional retail trade workers are forecast to be working in the Sunshine Coast region in 2031-32 (Deloitte Access Economics, 2013).

The success of the region's efforts to secure a greater share of the international tourism market may also have a positive impact on the breadth of the local retail industry. The diversity of the retail offer will need to be broadened if a significant increase in tourism from Asia is to be realised. More culturally alluring and targeted retail experiences should be a significant feature of future retail investments to provide a platform for Asian visitor and investor attraction.

Capital Investment

Public and Private Infrastructure and Capital Flows

When compared with similar (and some smaller) regions, the Sunshine Coast has a significant deficit in key economic infrastructure. This can be linked to the impacts of the global economic downturn since 2008, a lack of investment in public infrastructure by successive state and federal governments, a constriction in financing policies of major commercial lenders and low levels of private investor confidence in the region.

Most notably, there are existing shortfalls – given current and projected population levels alone - in tourism, digital, transport and major community infrastructure.

The facilitation of both private and public sector investment and capital flows to the region is a priority to improve access to markets and community and business infrastructure, underpin and incentivise new business investment and generate high-value employment creation. The economic growth projections and employment forecasts canvassed earlier (see Figure 3) point to the criticality of the region securing and delivering the game changer projects if a \$33 billion economy is to be achieved by 2033.

'Game Changer' Projects

Key region-building projects on the Sunshine Coast are predicted to help transition the regional economy to a greater level of resilience, improve its competitiveness, and provide growth and expansion opportunities in the future. As indicated previously, the Sunshine Coast University Hospital development at Kawana, the proposed expansion of the Sunshine Coast Airport, the development of a new city centre at Maroochydore and the expansion of the University of the Sunshine Coast are capable of generating significant economic and employment growth for at least the next ten years. They collectively equate to a minimum direct investment of over \$2.5 billion in the regional economy and are predicted to have the capacity to leverage associated investment of nearly double this amount.

The Sunshine Coast University Hospital at Kawana represents a \$1.8 billion direct investment into the economy. Beyond providing services to the regional population, the hospital will encourage additional investment opportunities through specialised services, research and other health related activities. The Maroochydore city centre will require an initial investment of \$150 million in civil infrastructure alone, with

the entire development estimated to create over 8,000 jobs - providing a major stimulant for business investment in the region. The proposed Sunshine Coast Airport expansion will require an approximate \$419 million capital investment and is estimated to deliver 5,000 jobs by 2030 and contribute more than \$475 million to the regional economy each year.

Transport and Destination Infrastructure

Predicted population growth and demographic changes on their own require tailored transport solutions, which suit the changing and growing needs of the community. Transport networks and connectivity also play an important role in incentivising business investment, providing the means to attract the requisite workforce and access key supply chain elements. Investment in public transport infrastructure is fundamental to the future of the Sunshine Coast and the high-value industries that the region is seeking to attract and develop in a new economy. In particular, the provision of a high quality public transport system to service the coastal urban corridor of the Sunshine Coast between Caloundra and Maroochydore has been identified as a key infrastructure priority that will need to be considered and effectively addressed in the next twenty years.

As outlined previously, for the Sunshine Coast as both a tourism and investment destination, the expansion of the Sunshine Coast Airport and the upgrading of the Bruce Highway are critical to opening up new tourism, trade and business opportunities and improving accessibility for the region for visitation and export purposes. In addition, the upgrade or future development of 'Destination Infrastructure' for the Sunshine Coast, such as a convention centre, five-star hotel accommodation, visitor facilities or national parks, will attract and facilitate new tourism visitation to the region and help to generate a wider mix of economic, social and environmental returns.

Local-to-Global Connections

While the Sunshine Coast is home to a number of very successful and recognised export brands, it is perceived as a relatively unconnected market with little collaboration between businesses. An online export survey, conducted in August 2012, indicates that products including food, general equipment, Cleantech products and knowledge products and services are being exported primarily to the international markets of the Pacific, Papua New Guinea, New Zealand, the United State of America and South-East Asia. Evidence suggests, however, that emerging opportunities exist to provide targeted support to enable regional firms to enter and engage in emerging markets, particularly in high growth Asian economies.

The Australian Government's White Paper, *Australia in the Asian Century*, considers the likely economic and strategic changes that are occurring as a result of the growth in emerging Asian markets, and what can be done to better position Australia for the Asian Century. The paper suggests there has been a distinct shift in Australia's trade patterns and that today China, Japan, Republic of Korea, India and Australia's ASEAN neighbours take in approximately three quarters of Australia's merchandise exports and supply half our imports. Also, investment sourced from emerging economies is increasing in significance, particularly Foreign Direct Investment (FDI). China's FDI into Australia has increased from \$0.55 billion at the close of 2006 to \$12.82 billion at the end of 2010 to be Australia's ninth largest source of FDI.

The White Paper indicates that Asian demand is greatest for Australia's natural resources, education, tourism and agriculture. This demand is being driven by the incredible pace of development in Asia which is changing the consumption patterns of the rising Asian middle class. Austrade reports that Chinese markets have an interest in a range of Australian fresh food products, processed foods, beer, and confectionary and snack products and will increasingly pay a premium for quality, freshness and novelty. These products are considered niche-type products in China (Austrade, May 2012). The *Queensland Trade and Investment Strategy 2011-2016* also identifies China as a key growth market for tourism visitation and international education. As previously mentioned, the Sunshine Coast Council has launched an International Business Development Program for Sunshine Coast businesses wishing to export and the directions in this Program are reinforced in the Strategy.

Growing the region's domestic markets and international export and investment base will help to increase the resilience of the regional economy. It will mean the dependence on demand generated by local population growth will not be so profound – giving greater depth and opportunities to the economy and the businesses and investors that operate within the region. The development of specific regional export programs, as well as programs to grow intra-state and national markets, will assist in strengthening the region's business base and growing employment opportunities. The take-up of business export and market development strategies will also help firms to counter seasonal demand, reduce the impacts of economic cycles and achieve production economies of scale.

Talent and Skills

The development of a skilled workforce is a key pathway espoused in the Strategy and must occur if the region is to supply the labour force needed to deliver the 'game changer' projects and attract and support high-value industry investment and business growth that is needed to effect the transition to a new economy.

Regional health, tourism and business leaders have recently advocated a number of initiatives to drive growth in the economy and have emphasised the importance of improving education and training options through industry-specific courses and programs, as well as promoting career pathways between skills development and work. Recruitment, workforce attraction and retention issues have also been raised as areas for improvement to ensure a stable workforce in addition to specific strategies to increase the employment of Sunshine Coast youth by the local business community. To address a range of these issues, a new Regional Education and Training Project will seek to better coordinate and advance the regional education sector. A regional Education Consortia will also develop schooling sector initiatives in cooperation with stakeholders to meet future regional skills needs.

The report, *Australia in the Asian Century*, also indicates that capabilities of particular importance for the Asian Century include job-specific skills, scientific and technical excellence, adaptability and resilience.

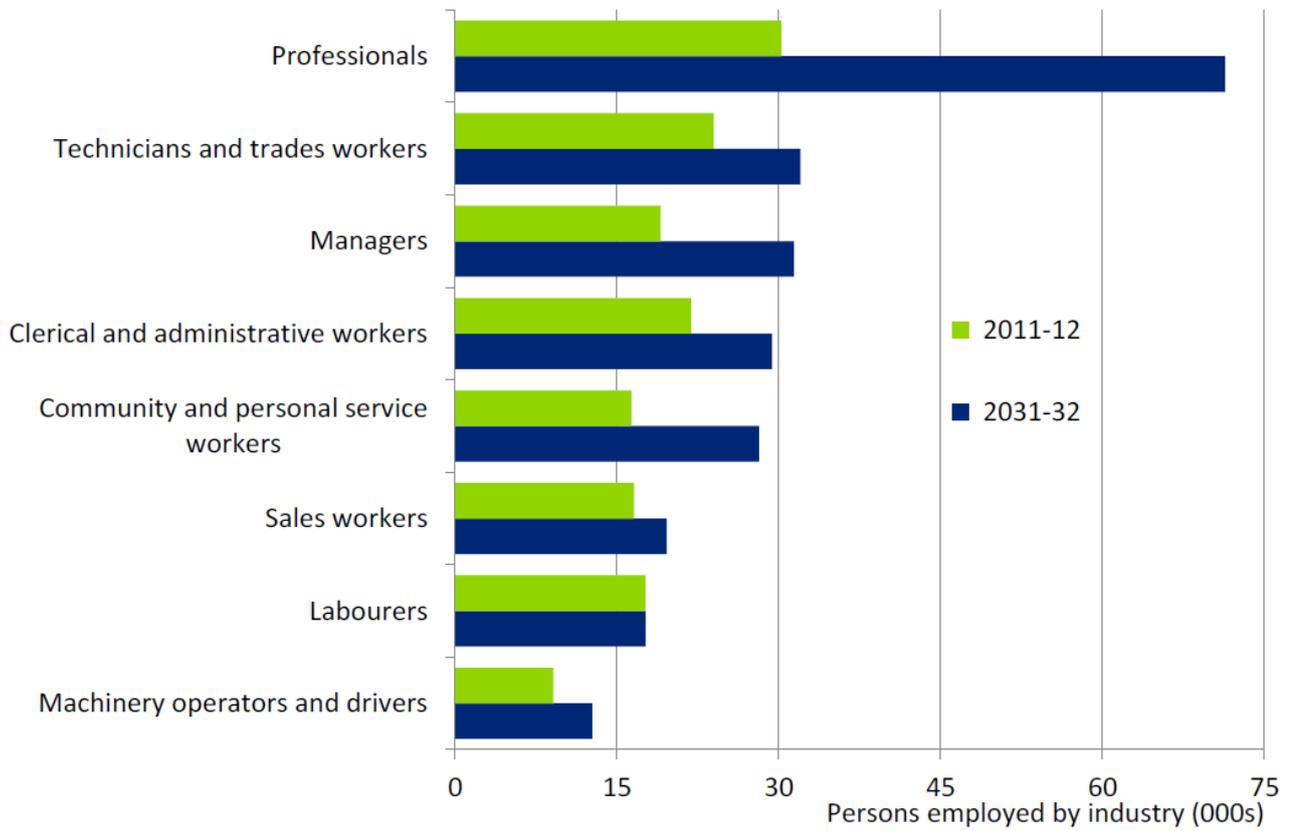
The 2012-2013 regional workforce planning research project, led by Regional Development Australia Sunshine Coast, has provided an overview of anticipated changes to the workforce over the next 20 years. The region's education sector is currently equipped – with facilities and capabilities - to provide a range of regional training and career planning activities to boost the foundations of the Sunshine Coast's labour force and economic base. However, there continues to be a need to build and enhance skills and career pathways across the Sunshine Coast and to recalibrate aspects of the education sector's offerings to meet projected gaps in the region's workforce profile.

The workforce planning research indicates that the labour demand for professionals will be strong over the next 20 years, followed by community and personal service workers and managers. Registered nurses and electricians are expected to increase their share of employment as well as primary and secondary school teachers. Retail sales assistants and managers are expected to remain the most common occupations in the region, but their share of total employment is projected to decline. (Deloitte Access Economics, May 2013).

In terms of growth, the workforce planning research indicates that manager and professional occupations are generally expected to record the strongest gains in the period to 2031-32 (see Figure 9). Corporate service and engineering managers, environmental scientists, electrical and mining engineers, and early childhood teachers are projected to be among the faster growing occupations.

Overall, research projections show robust labour demand in the Sunshine Coast region over the period to 2031-32, supported by growth in the services sector - if the 'game changer' projects are delivered and investment in high-value industries is realised. This is also dependent on a continued rate of population inflow to the region to supplement working-age population growth.

Figure 9: Occupational Structure of Employment, Sunshine Coast, 2011-12 and 2031-32



Source: Deloitte Access Economics, 2013

APPENDIX 1: PRIMARY AND SECONDARY RESEARCH SOURCES

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For more information

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