

# Sunshine Coast Business Council

*one vision one voice*



## **WHAT... SO WHAT... WHAT NOW!**

Research Data Book, November 2011.

[www.scbusinesscouncil.com.au](http://www.scbusinesscouncil.com.au)

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# 1 Purpose

The Sunshine Coast Business Council (SCBC) is seeking to develop a profile of the Sunshine Coast economic base that will be required to support a 500,000 population with some 230,000-250,000 jobs and to identify the export jobs and industries required to grow real per capita Gross Regional Product (GRP). In addition, the SCBC seeks to identify transformative projects that will make a significant contribution to achieve this objective.

The Data Book has been developed for the SCBC to provide an evidence base for use in the development of its views concerning the future of the Sunshine Coast. The Data Book provides information and other data to support the SCBC presentation, *What, So What and What Now (and How)*.

The Data Book is structured to present information within the framework provided in the federal Government *Intergenerational Report 2010* and in the Sunshine Coast University's 3Ps Conference, namely by examining the factors that underpin long term economic well being:

- Population;
- Participation and
- Productivity

In addition there is some information on the external environment, in particular the growth of wealth and capital in Asia.

The research is to designed to provide the evidence-based analysis necessary for informed engagement, that leads to strategies, actions and projects that will deliver investment, jobs, skills, productivity improvements, income and wealth and so deliver outcomes that are valued by the community.

The Sunshine Coast is placed in context by comparisons with other major second tier Australia cities, and with other Queensland Regions.

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## **2 Structure**

### **2.1 Content**

The Data is grouped in the following general themes:

- **National Economic Framework**
- **Population**
- **Participation**
- **Productivity**
- **Other matters**

### **2.2 Format**

The Data Book uses the following general format:

- Topic
- Data set
- Sources
- Analysis
- Methodology and definitional issues
- Implications
- Actions for consideration

Where more detailed information is available references to web links are provided for further investigation.

### **2.3 Core Assumptions**

The analysis of the future for the Sunshine cost is based on the following:

- The SEQ Plan 2031 will determine land availability and broad planning structure, and
- The Queensland Government medium series projections of population and age structure for the Sunshine Coast will be achieved.

## **2.4 Time Frame**

The Data Book has two time periods. The first concerns the existing information base, which is either from the Censuses (mostly 2006), or from more recent data, generally 2010.

The first 2011 Census results are expected to be released in mid 2012, with more detail following later in 2012. The new data will provide an opportunity to review the Data Book.

The other time frame is for the Sunshine Coast at 500,000 people, which based on current forecasts, is expected to be about 2031.

## **2.5 Transformational Projects**

Based on the facts and analysis, a number of possible transformational projects were presented to the SCBC, which the SCBC will consider, prioritise and determine an action plan.

### 3 National Economic Framework

The Commonwealth Government *Intergenerational Report 2010* provides a framework and forecasts of key national economic variables to 2050. As such it provides a national context for considering the Sunshine Coast at 2031. The report is at [www.treasury.gov.au/igr/igr2010/](http://www.treasury.gov.au/igr/igr2010/) and the Executive Summary gives a good overview of the key long term challenges and opportunities facing Australia.

A number of the key findings of the report are directly applicable to the Sunshine Coast, in particular:

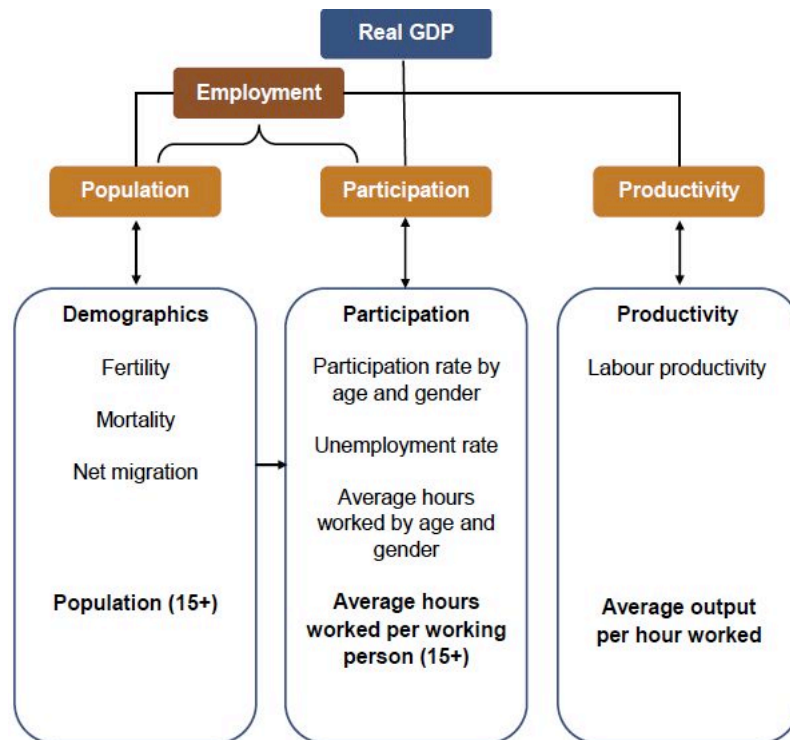
- Managing an economy with an ageing population;
- Developing means to increase labourforce participation rates, and
- Encouraging a more skilled and better-qualified workforce to increase productivity.

The applicability of these issues to the Sunshine Coast is more starkly drawn as in each area (ageing population, labourforce participation and skills and qualifications) the Sunshine Coast is facing even greater and more urgent challenges than is the nation.

The following is a brief summary of the key issues raised in the Report.

#### **Economic Framework**

The economic framework focuses on the drivers of economic well being and growing real Gross Domestic Product as Population, Productivity and Participation (3Ps). Behaviour in these areas defines the long term 'speed limit' for the economy. The major components and sub elements are illustrated below, and emphasise the importance of employment nationally, just as it is the case for the Sunshine Coast:

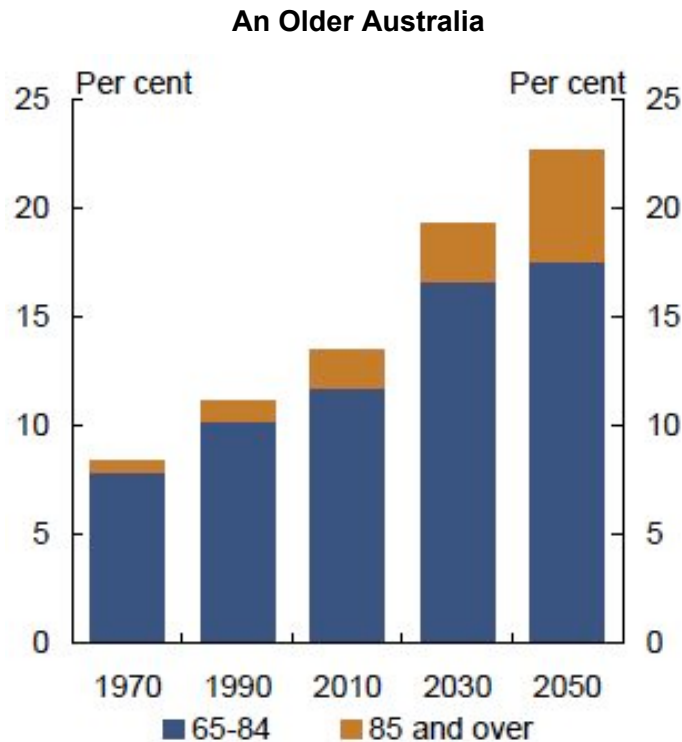


### Forecast Ageing Australian Population

A major challenge to the future well being of Australia is the ageing population, but the forecast national age structure is still much younger than that forecast for the Sunshine Coast. The challenges for Australia over the next 40 years are those for the Sunshine Coast will be faced over the next 10-20 years.

Nationally, the proportion of working age people is projected to fall, with only 2.7 people of working age to support each Australian aged 65 years and over by 2050 (compared to 5 working aged people per aged person today and 7.5 in 1970).

The ageing of the national population will see the number of people aged 65 to 84 years more than double and the number of people 85 years and over more than quadruple.



### Participation Rates

The Report notes that the ageing of the population is the major factor driving the slowing in economic growth. As the proportion of the population of traditional working age falls, the rate of labour force participation across the whole population is also projected to fall.

The ageing of the population is projected to lead to falling total participation rates over the next 40 years, and the impact of ageing on participation is expected to outweigh an improvement in the working-age participation rate for people aged 15 to 64 years

There is scope for Australia to improve its labour force participation rates, especially through policies that target improvements in education, health and attachment to the labour market. This includes removing the barriers to workforce participation for mature aged people who want to work. These issues are particularly important for the Sunshine Coast.

### Productivity

With the ageing of the population reducing participation, productivity growth will be the major contributor to real GDP per person growth in Australia



over the next 40 years.

### **City Development to Enhance Productivity**

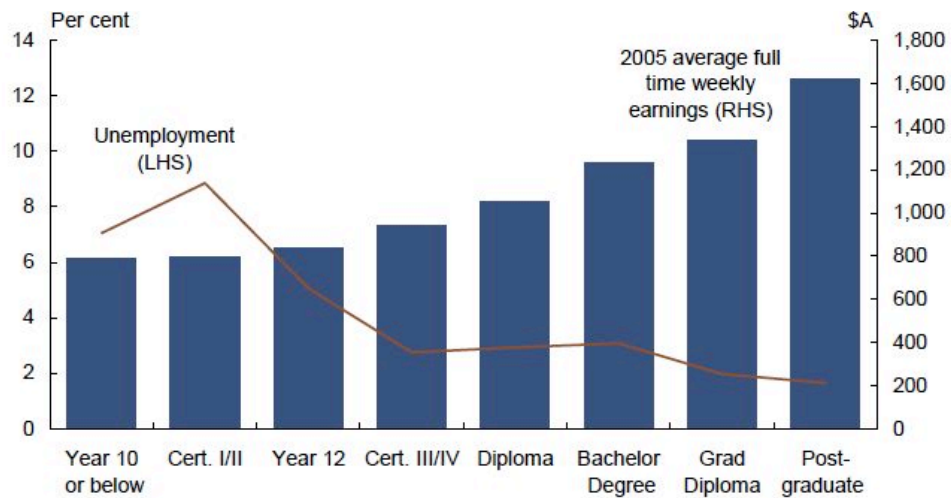
The development of Australia's cities will be central to improving productivity performance. Much of a city's capacity to accommodate population increases while supporting productivity growth is reliant on the efficacy and adequacy of its infrastructure, including its housing stock. The sustainability of Australia's cities will also be dependent on better governance in the planning and organisation of city infrastructure and more efficient use of existing infrastructure.

### **Education and Training to Increase Participation and Productivity**

With an ageing and growing population, a key challenge is to grow Australia's human and social capital by enhancing the skills and opportunities. Investments in Australia's skills and infrastructure base will lead to a lasting improvement in productivity.

On average, higher levels of education increase productivity and earnings for individuals. Higher educational attainment is associated with lower levels of unemployment and higher wage levels.

### Association of Education with Employment Outcomes



#### Relevance to the Sunshine Coast

The Sunshine Coast is at the leading edge of the challenges identified for Australia in relation to:

- Population growth, where the Sunshine Coast is forecast to do very well if net migration continues at a high level;
- Ageing, where the Sunshine Coast will in the near future face the same age structure challenges that are forecast for Australia over the next 40 years;
- Labourforce participation rates driven by the ageing process, where the Sunshine Coast faces particular challenges and the need to increase both participation and productivity;
- The need for increased education and training as a key means to increase productivity, and
- The need for increased infrastructure in cities (and the key role of cities as key drivers in the increase in national productivity).

In the following sections dealing in more detail with the Sunshine Coast present and future, the Intergenerational Report and the 3Ps to achieve national well being provide a reference and context.

## 4 Population

### 4.1 Sunshine Coast Local Government Area Population

**Table 1 Major Local Government Areas 2001 -2010**

Area	Population 2001 (000)	Population 2010 (000)	Percent Change
Gold Coast City (C)	387.1	527.8	36.1
Sunshine Coast (R)	247.1	330.9	33.6
Newcastle (C)	142.1	156.1	9.8
Wollongong (C)	189.7	203.4	7.4
Greater Geelong (C)	194.4	220.0	13.4

Source. ABS Regional Population Growth. Estimated Resident population. 3218.0

#### Analysis

The Sunshine Coast local government area has the fourth largest population in Australia (behind Brisbane, Gold Coast and Moreton Region), it is a very rapidly growing area, still managing the amalgamation process and has an age structure, employment base and population and employment density that are significantly different to those of Newcastle, Geelong and Wollongong, but somewhat similar to the Gold Coast.

For the Sunshine Coast, Gold Coast and Greater Geelong the local government areas are the same as, or similar to the wider economic area or Statistical Division. For Newcastle in particular this is not the case.

#### Implications

The challenges and opportunities for the Sunshine Coast are different from those of the other longer established cities, and even the Gold Coast. Solutions for the Sunshine Coast need to be found within its own Council, community and in its relations with the State Government in particular.

#### Action

It is useful for the SCBC to keep a scanning brief on economic development initiatives in comparable cities, but "magic bullets" directly transferable from other areas are rare. The solutions to the issues facing the Sunshine Coast are most likely to be found in the Sunshine Coast.

## 4.2 Sunshine Coast Components of Growth

**Table 2 Components of Growth 2006-2010**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Persons - Total	304 070	313 851	323 423	330 934
Total Increase	8 986	9 781	9 572	7 511
Births	3 543	3 743	3 782	na
Deaths	1 952	2 230	2 133	na
Natural Increase	1 591	1 513	1 649	na
Net Migration	7 395	8 268	7 923	na
Implied Net Migration Share	82.3%	84.5%	82.8%	na

**Source**

ABS National Regional Profile. Sunshine Coast. 1379.0.55.001

### Analysis

Net migration is the prime driver of population growth accounting for over 80% of the recent annual population increase.

There are some warning signs as the age structure changes from 2006 to 2010 showed a slower tendency for growth in those age groups generally regarded as being more mobile and in the prime employment age groups, that is those 25 to 44 years.

### Implications

Any slowing of net migration to Sunshine Coast will have profound implications. There have been some recent indications of slowing net migration flows, and possible outflows of construction workers to opportunities in the mining sector.

As a significant component of the region's economic base is driven by those industries responding to and serving the population growth and the population base (such as construction, most retail, business services, public administration, health and education) any slow down in total population growth due to slowing migration will have direct economic consequences.

The recent net migration flows will be definitively counted at the 2011 Census and should be a prime focus of attention when the results become available.

### 4.3 Projected Population Growth

**Table 3 Forecast Population 2006-2031**

Year	Medium Series Projection	5 year increase	5 year percent increase
2006	295084		
2011	338427	43343	14.7%
2016	376724	38297	11.3%
2021	420439	43715	11.6%
2026	464550	44111	10.5%
2031	508170	43620	9.4%

Source Queensland Population Projections 2011. Medium Series

#### Analysis

Population is forecast to grow at much the same absolute increase in each 5-year period, but this is reflected in a generally slower rate of growth, particularly after 2016.

#### Implications

High, but slowing growth will still underpin the Sunshine Coast economy, subject to the implied net migration flows being realised.

#### 4.4 Projected Age Structure

**Table 4 Projected Age Structure 2011-2031**

Age Group	2011	2031
00-04	20327	28892
05-09	20189	30521
10-14	21940	31044
15-19	21296	27800
20-24	20035	26272
25-29	19891	26690
30-34	19177	29520
35-39	22102	32454
40-44	23305	33852
45-49	24218	33189
50-54	23638	29941
55-59	22114	30693
60-64	21831	30572
65-69	18012	29580
70-74	13984	26822
75-79	10455	22081
80-84	8135	17877
85+	7778	20370
Total	338427	508170

Source Queensland Population Projections 2011. Medium Series

**Table 5 Projected Age Structure % 2011-2031**

Age Group	2011	2031
00-04	6.0%	5.7%
05-09	6.0%	6.0%
10-14	6.5%	6.1%
15-19	6.3%	5.5%
20-24	5.9%	5.2%
25-29	5.9%	5.3%
30-34	5.7%	5.8%
35-39	6.5%	6.4%
40-44	6.9%	6.7%
45-49	7.2%	6.5%
50-54	7.0%	5.9%
55-59	6.5%	6.0%
60-64	6.5%	6.0%
65-69	5.3%	5.8%
70-74	4.1%	5.3%
75-79	3.1%	4.3%
80-84	2.4%	3.5%
85+	2.3%	4.0%
Total	100.0%	100.0%

Source Queensland Population Projections 2011. Medium Series

## **Analysis**

The feature of the Sunshine Coast forecast population is both the rapid growth, underpinned by continuing assumed high net migration, and the very rapid ageing of the population.

The main feature of the projected Sunshine Coast population to 2031 is the ageing, particularly in the over 65-age group. Also disturbing is the relative decline in those in the 14-29 age groups that are the prime future labour supply for the next 20 years.

## **Impacts and Implications**

The Sunshine Coast population is relatively old, and will continue to age. The national policy directions outlined in the *Intergenerational Report* have a particular applicability and urgency for the Sunshine Coast, as the structural consequences of an ageing population will be a feature of the economy for long into the future.

Within the context of the findings of the *Intergenerational Report* and the assessment of the current key variable of the Sunshine Coast economy including participation rates, part time work, earnings, expenditure patterns and regional per capita income that are all significantly affected by the age structure, the Sunshine Coast is facing significant challenges to the economic well being of the population unless there is a recognition of these problems and actions taken to address the challenges.

As an illustration of the age related issues, the forecast age structure for the Sunshine Coast at 2031 is on average older than that for the Harvey Bay region in 2006.

Within the context of the 3Ps, population growth is the Sunshine Coast's major strength, but this is dependent on net migration and there are signs of a slow down in this key driver. The reliance of the Sunshine Coast on attracting population by net migration based on lifestyle advantages has served the region well in the past, but it is a much higher risk strategy for the future. The Sunshine Coast needs to have more than "lifestyle" as the major attractor because if this engine slowed significantly and for a long

period, the one strong “P” of the 3Ps that underpin future community economic well being would be lost.

### **Action**

The ageing process of the population will continue, but there are some intervention strategies that can slow the process and increase participation, income and expenditure. These include:

- Reducing the outflow of young Sunshine Coast people through education and employment opportunities;
- Reduce the loss of the economically active (such as is likely currently happening to the large construction workforce) through sustained and balanced employment opportunities, and
- Attracting those in the economically active age groups to migrate to the Sunshine Coast for work related not lifestyle reasons.

## **4.5 Income and Expenditure Implications of an Ageing Population**

### **Analysis**

#### **Income**

Age is a direct driver of income and expenditure. At the 2006 Census median incomes for Sunshine Coast people in the 25-54 age groups were about double that for those 65 years and above.

#### **Expenditure**

The ABS notes that the level and composition of household income and expenditure is highly related to the social and demographic characteristics of household members. For example, households in the lowest disposable income group were more likely to be lone person households and to receive government pensions and allowances as their main source of income. Households in the highest expenditure group were more likely to be couple, one family households and to have wages and salaries as their main source of income.

Compared with average Australian household expenditure per week of



\$1,236:

- Households which relied on government pensions and allowances as their main source of household income had average weekly expenditure of \$613;
- Lone person households had an average weekly expenditure of \$646 and lone persons aged 65 and over had an average weekly expenditure of \$446, and
- Households in which the reference person was 65 years and over, had average weekly expenditure of \$726.

### **Source**

2006 Census, Age by Income and the ABS 2009/2010 Household Expenditure Survey 6530.0. The Household Expenditure data is for Australia and the Sunshine Coast is likely to be somewhat lower.

### **Impacts and Implications**

As the Sunshine Coast population ages, and the proportion of the population moves from the prime working ages to retirement both income and expenditure will fall substantially. Both of which will reduce per capita regional income below that where a higher proportion of the population was in the economically active age groups.

The most direct actions are the same as those for increasing participation of the older age groups, encouraging longer working hours and the development and implementation of workplace settings that better suit older people. These themes are contained in the *Intergenerational Report*, and because the Sunshine Coast is facing much faster aging than nationally, the Sunshine Coast could with the support of State and Federal Governments develop key pilot and demonstration projects.

## 5 Participation

### 5.1 Comparative Participation

**Table 6 Labourforce Participation June 2011**

Area	Percent Population over 15 years in Labourforce
Australia	65.5%
Queensland	67.3%
Brisbane MSR	68.4%
Sunshine Coast SR	61.9%
West Moreton SR	63.8%
Wide Bay Burnett SR	53.0%
Mackay-Fitzroy SR	71.0%
Darling Downs SR	64.0%
Northern-North West SR	77.8%
Far North SR	69.7%
Gold Coast SR	67.2%

Source ABS Labourforce Survey/DEEWR Regional Labour Markets . Three month average.

#### Measure

Percent of the population 15 years and over in the labourforce.

#### Analysis

The Sunshine Coast labourforce participation rate is low relative to all Queensland regions except Wide Bay, and nearly 10% lower than the Queensland average.

It is likely that the lower participation rate for the Sunshine Coast is due primarily to the older age structure of the population, where lower proportions of the older population work.

#### Impacts and Implications

##### Employment

If the Sunshine Coast had the same labourforce participation rate as the Queensland average there would be another 14,500 in the labourforce, and allowing for average Sunshine Coast unemployment rate of 5.6%, more than another 13,600 jobs.

As the Sunshine Coast population is forecast to age significantly over the next 20 years, the impacts of declining total labourforce participation will have severe and cumulative impacts on the economic base, and regional per capita income.

### Regional Income

An additional 13,600 jobs would directly add over \$700m in after tax wages annually to the regional economy. There would be further flow on benefits to the Sunshine Coast as these employees spent and built locally.

### Action

Because of the inherent problems of the impact of an ageing population on labour force participation, the Sunshine Coast needs to redouble its efforts to provide educational opportunities and jobs to skill young people, job opportunities to attract and retain those in the prime economically active age groups and employment prospects to retain older people in employment longer.

These themes are also the underpinning of the findings applicable to the national level as outlined in the *intergenerational Report*.

## 5.2 Age Specific Labourforce Participation

**Table 7 Age Specific Labourforce Participation Sunshine Coast Persons 1996, 2001 and 2006**

Age group	1996	2001	2006
15-19 years	53.7%	57.3%	60.2%
20-24 years	82.0%	78.8%	80.1%
25-29 years	77.5%	76.4%	77.7%
30-34 years	74.2%	74.1%	76.7%
35-39 years	76.6%	75.8%	77.6%
40-44 years	79.6%	77.5%	79.8%
45-49 years	78.8%	78.4%	79.6%
50-54 years	69.2%	70.8%	75.1%
55-59 years	51.0%	52.8%	58.6%
60-64 years	24.8%	29.0%	36.2%
65-69 years	8.3%	10.5%	13.5%
70-74 years	3.4%	4.9%	5.6%
75 years and over	1.6%	2.1%	2.0%
Total	56.5%	55.4%	57.1%

Source ABS Census. 1996, 2001 and 2006

More detailed tables for males and females follow.

### **Measure**

For each age group, the percentage of the population in that age group that is in the labourforce. The labourforce includes those working (full and part time) and those seeking to work (unemployed).

Part time work is defined as working less than 35 hours per week.

### **Analysis**

Overall total labour force participation has increased marginally from 1996 to 2006. In the prime working age groups 20-49 years participation rates have remained largely unchanged. There have been moderate increases in the age groups 50 to 59, and greater increases for those over 60.

While the increases in the older age groups seems significant, because of the small base the impact on the size of the total labourforce has been relatively small. As the Sunshine Coast population is expected to age rapidly, the participation rates for older workers will be an increasingly important factor. The economic impact is offset partly by higher than average part time work at 46% for those 60-69 compared with 32% for those 30-40 and 33% for those 40-49.

### **Impacts and Implications**

#### **Employment**

Labourforce participation determines the size of the labourforce. The Sunshine Coast faces challenges because of low total participation due to the age structure. Forecast rapid ageing makes achieving higher total participation difficult. Federal Government policies for changing the pension age, and other social changes are likely to see some increases in participation among older workers.

As the Sunshine Coast population is forecast to age significantly over the next 20 years, the impacts of declining total labourforce participation will have severe and cumulative impacts on the economic base, regional per capita income.

### **Regional Income**

Both increased participation and more full time work, areas where the Sunshine Coast performs below average would substantially increase per capita regional income.

### **Action**

The actions required are the same as those considered for total participation as the Sunshine coast age structure, age specific labourforce participation rates have the most significant impact on total participation rates and the size of the labourforce and hence regional income.

**Table 8 Detailed Age Specific Labourforce Participation 1996-2006**

<b>Males</b>	<b>1996</b>	<b>2001</b>	<b>2006</b>	<b>% Change</b>
				<b>1996-2006</b>
15-19 years	52.6%	54.7%	58.4%	5.8%
20-24 years	88.5%	84.1%	84.7%	-3.8%
25-29 years	89.2%	86.5%	85.4%	-3.8%
30-34 years	88.1%	86.9%	86.8%	-1.3%
35-39 years	87.7%	86.3%	86.1%	-1.5%
40-44 years	86.9%	84.6%	85.1%	-1.8%
45-49 years	85.6%	83.5%	82.9%	-2.7%
50-54 years	79.8%	77.8%	80.2%	0.5%
55-59 years	67.2%	64.3%	66.2%	-1.0%
60-64 years	37.2%	40.0%	45.9%	8.7%
65-69 years	12.3%	15.0%	18.6%	6.3%
70-74 years	4.7%	7.0%	8.2%	3.4%
75 years and over	2.3%	3.3%	2.9%	0.6%
<b>Total</b>	<b>64.9%</b>	<b>62.2%</b>	<b>62.5%</b>	<b>-2.4%</b>

<b>Females</b>	<b>1996</b>	<b>2001</b>	<b>2006</b>	<b>% Change</b>
				<b>1996-2006</b>
15-19 years	54.8%	60.0%	62.2%	7.4%
20-24 years	75.3%	73.2%	75.5%	0.2%
25-29 years	66.4%	66.9%	70.2%	3.8%
30-34 years	62.1%	62.9%	67.4%	5.2%
35-39 years	66.6%	67.0%	70.0%	3.4%
40-44 years	72.6%	71.2%	75.2%	2.6%
45-49 years	71.9%	73.8%	76.6%	4.7%
50-54 years	59.0%	64.2%	70.5%	11.5%
55-59 years	36.0%	41.9%	51.4%	15.3%
60-64 years	13.0%	18.5%	26.9%	13.9%
65-69 years	4.4%	6.2%	8.7%	4.2%
70-74 years	2.2%	2.8%	3.2%	1.0%
75 years and over	1.0%	1.3%	1.2%	0.2%
<b>Total</b>	<b>48.6%</b>	<b>49.2%</b>	<b>52.1%</b>	<b>3.5%</b>

Persons				
	1996	2001	2006	% Change <b>1996-2006</b>
15-19 years	53.7%	57.3%	60.2%	6.6%
20-24 years	82.0%	78.8%	80.1%	-1.9%
25-29 years	77.5%	76.4%	77.7%	0.2%
30-34 years	74.2%	74.1%	76.7%	2.5%
35-39 years	76.6%	75.8%	77.6%	1.0%
40-44 years	79.6%	77.5%	79.8%	0.1%
45-49 years	78.8%	78.4%	79.6%	0.9%
50-54 years	69.2%	70.8%	75.1%	6.0%
55-59 years	51.0%	52.8%	58.6%	7.6%
60-64 years	24.8%	29.0%	36.2%	11.4%
65-69 years	8.3%	10.5%	13.5%	5.2%
70-74 years	3.4%	4.9%	5.6%	2.2%
75 years and over	1.6%	2.1%	2.0%	0.4%
<b>Total</b>	<b>56.5%</b>	<b>55.4%</b>	<b>57.1%</b>	<b>0.6%</b>

### 5.3 Future Labourforce at 2031 (no change in 2006 Participation)

**Table 9 Labourforce at 2031**

Age Group	Population at 2031	LFPR at 2006	Labour force
00-04	28892	0.0%	0
05-09	30521	0.0%	0
10-14	31044	0.0%	0
15-19	27800	62.0%	17236
20-24	26272	80.1%	21044
25-29	26690	77.1%	20578
30-34	29520	77.1%	22760
35-39	32454	78.7%	25541
40-44	33852	78.7%	26642
45-49	33189	77.5%	25721
50-54	29941	77.5%	23204
55-59	30693	48.3%	14825
60-64	30572	48.3%	14766
65-69	29580	10.0%	2958
70-74	26822	10.0%	2682
75-79	22081	2.1%	464
80-84	17877	2.1%	375
85+	20370	1.6%	326
<b>Total</b>	<b>508170</b>		<b>219123</b>

Source Queensland Population Projections 2011. Medium Series  
ABS Census 2006 for participation rates

#### Analysis

The application of 2006 age specific labourforce participation rates to the forecast population at 2031 gives a projected labourforce of 219,000. If the long term average unemployment for the Sunshine Coast of about 6% applied, the workforce would be 206,000.

The labourforce based on these assumptions is about 15,000 to 30,000 less than the SCBC target in the range 230,000 to 250,000.

Based on average weekly after tax earnings, the impact of a 15,000 fewer jobs would be some \$825m annual loss to the income of the Sunshine Coast economy. There would be further flow on impacts as the impacts (on retail, construction, services, etc) spread throughout the local economy.

Forecasting labourforce participation rates is a very complex task and is not the purpose of this Data Book to undertake that task, apart to note that at the national level, the Intergenerational Report forecast:



- Some increase in participation of the older population, and
- No overall significant change in total participation as the impacts of ageing were greater than the increase in participation of the older population.

In addition the ABS Labourforce series has shown no overall pattern of change in total participation for the Sunshine Coast since 2001.

The future well being of the region depends largely on the sustained creation of jobs to encourage:

- Higher participation;
- Retention of the young;
- Higher productivity;
- More full time jobs;
- Better paid jobs;
- Higher qualifications and skills, and
- Attraction of those in the economically active age groups.

## 5.4 Industry Employment Structure

**Table 10 Employment by Industry 1996,2001 and 2006**

	1996	2001	2006	Change 1996 to 2006
Agriculture, forestry & fishing	4.9%	4.0%	2.7%	-2.3%
Mining	0.4%	0.3%	0.4%	0.1%
Manufacturing	8.3%	8.6%	7.3%	-1.0%
Electricity, gas, water & waste services	0.7%	0.7%	0.6%	-0.1%
Construction	10.2%	9.5%	12.5%	2.3%
Wholesale trade	4.4%	3.9%	3.3%	-1.0%
Retail trade	12.9%	13.8%	13.9%	1.1%
Accommodation & food services	9.7%	10.1%	9.1%	-0.6%
Transport, postal & warehousing	3.4%	3.6%	3.5%	0.1%
Information media & telecommunications	2.3%	1.7%	1.4%	-0.9%
Financial & insurance services	2.8%	2.5%	2.7%	-0.1%
Rental, hiring & real estate services	3.1%	2.8%	2.9%	-0.2%
Professional, scientific & technical services	4.8%	4.8%	5.1%	0.3%
Administrative & support services	2.8%	3.4%	3.2%	0.4%
Public administration & safety	3.8%	3.9%	4.6%	0.8%
Education & training	6.9%	7.9%	7.5%	0.6%
Health care & social assistance	9.5%	10.2%	11.1%	1.6%
Arts & recreation services	1.4%	1.5%	1.5%	0.1%
Other services	4.5%	4.2%	4.0%	-0.4%
Inadequately described/Not stated	3.4%	2.5%	2.6%	-0.8%
<b>Total</b>	100.0%	100.0%	100.0%	0.0%

Source: ABS Census. Time Series Profile

**Table 11 Industry Employment Change 5 years to May 2011**

	(000)	Percent
Retail Trade	8.0	31.2%
Health Care and Social Assistance	5.8	22.6%
Professional, Scientific and Technical Services	3.2	12.6%
Accommodation and Food Services	2.9	11.2%
Education and Training	2.7	10.5%
Transport, Postal and Warehousing	2.3	8.9%
Administrative and Support Services	1.9	7.3%
Agriculture, Forestry and Fishing	0.7	2.8%
Mining	0.6	2.3%
Electricity, Gas, Water and Waste Services	0.4	1.7%
Rental, Hiring and Real Estate Services	0.1	0.4%
Arts and Recreation Services	0.1	0.3%
Wholesale Trade	0.0	0.0%
Financial and Insurance Services	-0.2	-0.8%
Manufacturing	-0.4	-1.5%
Other Services	-0.5	-1.8%
Information Media and Telecommunications	-0.6	-2.1%
Public Administration and Safety	-1.2	-4.5%
Construction	-1.9	-7.4%
TOTAL - All Industries	25.7	100.0%

Source DEEWR Regional Industry Profiles.

### Analysis

In the period 1996 to 2006 the Sunshine Coast industry employment structure remained largely unchanged, but there were long term declines in relative shares for Agriculture and Manufacturing. There were corresponding increases in Public Administration, Health and Education.

The period from 2006 to 2011 shows that the Sunshine Coast employment profile increased its concentration in the traditional rapidly growing Retail, Health, Accommodation and Education sectors, and showed strong growth in the Professional Services sector.

The impact of the downturn in residential and commercial construction is shown in the decline in Construction employment, one of the key drivers of Sunshine Coast economic activity.

A feature of the employment growth is that those sectors that are primarily serving the population base (Retail, Health, Education) were major growth sectors, as was the Accommodation and Food Services sector that largely serves the tourism industry.

The construction sector that largely responds to the population growth suffered a major fall. It is likely that nearly all this fall would have occurred in the past 2 years.

The decline in Manufacturing and Financial services is of concern, as is the fact that employment more than half the Sunshine Coast industries either declined or grew by less than 100 per year over the past 5 years, a time of continuing rapid population growth.

## **Impacts and Implications**

### **Employment**

It is difficult to achieve and structural change takes a long time. The growth of the mining communities in the past decade and the rapid decline of the construction sector on the Sunshine and Gold Coasts in the past few years are the exception.

Targeting a whole industry sector as a way of transformation of the economic base usually does not work, particularly if “going against the tide”.

The SCBC to target transformational projects, and have the employment grow, and change the economic base is likely to be more focussed and is likely to lead to more immediate and measurable employment outcomes.

## **5.5 Income and Industry of Employment**

### **Data**

The size of the workforce in an industry and the income for those in that industry will define the regional income base for the Sunshine Coast. The following is a broad classification of these factors:

### **Large and Low Income**

- Retail (14%), and
- Accommodation and Food Services (generally tourism related) (9%)

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### **Large and High Income**

- At the 2006 Census, the Construction industry (13%) was both large and had a high income, but the turnaround in the past two years has seen a significant fall in employment which is also usually associated with a decline in income as work levels drop off.
- Education and Training (8%)
- Health Services, but lower income than Construction and Education (11%)
- Professional and Technical (5%)

### **Small and High Income**

- Mining (1%)
- Electricity Gas and Water (1%)
- Information, Media and Telecommunications (1%)

### **Small and low income**

- Agriculture (2%)
- Arts & Recreation services (2%)

### **Medium Size, High Income**

- Public Administration (4%)

### **Source**

Census. Industry of Employment and Weekly Earnings by Industry,

### **Analysis**

Industry size, amount of part time work, the level of income and qualifications levels largely determine income. Long term changes to the regional income will depend on maintaining a strong tourism sector, reinvigorating the construction sector and increasing the proportion of the

workforce that work in those industries that attract higher pay, more full time work and higher qualifications.

The Queensland Regional multipliers show that “value add” and employment multipliers of flow on economic impacts are much higher as a result of increased initial activity in Health, Education and Government Administration, all areas where priority attention is required.

The SCBC’s assessment of projects and priorities should take into account the factors that will generate increased regional income, as well as the total employment impacts.

## 5.6 State Government Employment

**Table 12 State Government Employment at 2006 Census**

Area	Percent State Government Employment
Toowoomba City	11.1%
Ipswich City	11.1%
Townsville City	11.0%
Cairns City	10.3%
Sunshine Coast	7.7%
Logan City	7.6%
Gold Coast City	5.7%
Queensland	9.9%

Source ABS Census 2006. Community Profiles. Place of Work

### Analysis

A significant feature of the Sunshine Coast employment is the low proportion of state government employment relative to nearly all other major regional cities in Queensland.

The proportion of state employment in Sunshine Coast Statistical Division at the 2006 Census was significantly lower than that of other major Queensland centres such as Toowoomba, Ipswich, Cairns and Townsville. It was also 20% lower than the state average.

At the 2006 Census, median weekly income from state employment in the Sunshine Coast was 17% higher than for all Sunshine Coast employees reflecting the higher proportion of higher paid occupations in state

employment (Managers and Professionals) at 55% compared with 30% for the total Sunshine Coast employment.

## **Impacts and Implications**

### **Employment**

If the Sunshine Coast had the same proportion of state employment as the average for Queensland (9.9%), there would be an additional 3,490 jobs, and if the Sunshine Coast had the same average as Toowoomba, Ipswich, Townsville and Cairns (10.8%) there would be another 4,900 jobs.

These jobs would differ in character from much other Sunshine Coast employment with higher average pay levels, more full time jobs and jobs requiring higher qualifications, all areas where the Sunshine Coast needs to make progress.<sup>1</sup>

### **Regional Income**

An additional 4,900 state jobs would directly add \$290m in after tax wages annually to the regional economy, that is some \$2.9b in the next decade.<sup>2</sup>

<sup>3</sup>There would be further flow on benefits to the Sunshine Coast as these people spent and built locally and other state government services for these employees were sourced locally. Even just reaching the state average of 9.9% would add \$206m annually in after tax wages to the Sunshine coast economy, or over \$2b in the next decade.

### **Action**

Some of the deficiency will be addressed by the new state hospital, but ongoing engagement with the State Government will be necessary to achieve recognition of the issue, and a plan developed to address the deficiency. The establishment of new state operations or transfer of existing operations to the Sunshine Coast should be the goal, such as is occurring in Ipswich.

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<sup>1</sup> ABS Census 2006 Sunshine Coast Statistical Division.

<sup>2</sup> ABS Cat 6302. Average Weekly Earnings May 2011. Public Sector Employees Australia.

<sup>3</sup> Tax based on ATO 2011-12 tax rates applicable to AWE.

## 6 Productivity

### 6.1 Part-time Work

The Intergenerational Report identified hours worked as an important factor in determining productivity. As a proxy for that, the following table shows the proportion of the workforce engaged in part time work.

**Table 13 Part time Work June 2011**

Area	Percent Part Time Employment
Australia	30.0%
Queensland	29.1%
Brisbane MSR	28.0%
Sunshine Coast SR	36.9%
West Moreton SR	27.6%
Wide Bay/Burnett SR	35.3%
Mackay-Fitzroy SR	23.6%
Darling Downs SR	28.6%
Northern-North West SR	30.0%
Far North SR	26.6%
Gold Coast SR	33.3%

Source ABS Labourforce Survey, three month average.

#### Analysis

Compounding the relatively low labourforce participation, of those that work, the Sunshine Coast has the highest proportion of part-time workers in Queensland.

The proportion of part time employment increased marginally from 33.6% in 1996 to 36.9% in 2001 and 35.9% in 2006, indicating that in the period 1996 to 2011, the percentage of part time workers has remained about 35%. For females, more than half worked part-time in 2006.

It is likely that the higher proportion of part time work flows from the higher proportions of the workforce in tourism related industries and in the retail sector, where employment is associated with part time, casual and “loosely attached” jobs.



## **Impacts and Implications**

### **Regional Income**

More part time work will, other things being equal, lead to lower personal and regional incomes.

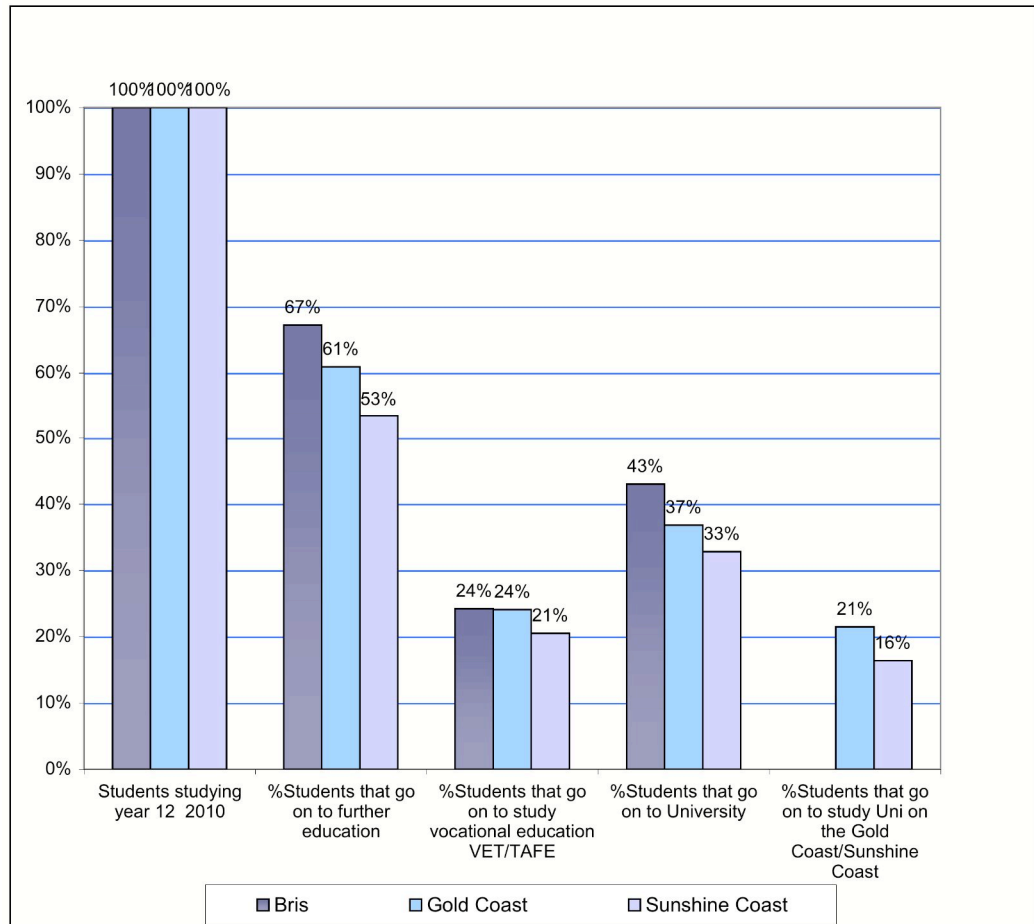
### **Action**

The tourism sector is the major economic driver for the Sunshine Coast, and needs to be strengthened, noting that international tourist numbers have fallen consistently since 2006, well before the increase in the value of the Australian dollar. At the same time projects need to be attracted and developed that will offer complimentary employment that is a higher proportion of full time jobs.

In the assessment of the economic impact of opportunities, in addition to total employment generated, attention should also be given to the part time/full time mix.

## 6.2 Education and Training

**Chart 1 Losses in the Education and Training Pipeline**



Source Department of Education and Training. Next Steps Surveys. QPAC

### Analysis

The Intergenerational Report has emphasised the association of qualifications and skills to contribute to increased productivity. In addition, the demographic data shows the loss of young people from the Sunshine Coast.

The above Chart tracks year 12 students from Brisbane, Gold Coast and Sunshine Coast going on to further education through university or vocational education (mostly TAFE), and where they undertake that education.

The data shows that the Sunshine Coast is lower than Brisbane and the Gold Coast for:

- Students who go on directly to any further education (53% compared with 61% on the Gold Coast, and 67% in Brisbane);
- Students who study at VET/TAFE (marginally lower at 21% compared with 24% in both Gold Coast and Brisbane), and
- Students who study at university (33% compared with 37% on the Gold Coast, and 43% in Brisbane).

In addition, about half those from the Sunshine Coast that go on to study at university, do so outside the Sunshine Coast.

The development of the SCU has increased local retention of school leavers from zero, and the SCU plans to substantially increase its enrolments over the next few years is a further significant step. To ensure greater retention of graduates, the employment opportunities issue also needs to be addressed.

### **Impacts and Implications**

Education and training play key roles in increasing participation, increasing income and with increased local capacity and jobs at the end of training would partly address age structure, income and participation challenges.

Both increased educational capacity and jobs for graduates are critical and must go hand in hand.

## 7 Other Matters

### 7.1 Regional Per Capita Income

**Table 14 Real gross regional product per capita, Chain volume measures (\$, 2005–06), Queensland, 2000–01 and 2005–06**

Region (a)	2000–01	2005–06	Average annual growth
Brisbane	40,054	47,313	3.4
Gold Coast	n.a.	36,014	n.a.
Sunshine Coast	n.a.	32,241	n.a.
West Moreton	n.a.	22,850	n.a.
Moreton (b)	29,091	33,671	3.0
<i>South East Queensland</i>	36,724	42,867	3.1
Wide Bay-Burnett	27,863	29,466	1.1
Darling Downs	35,359	40,526	2.8
South West	69,870	62,845	-2.1
Fitzroy	66,499	71,256	1.4
Central West	61,970	47,766	-5.1
Mackay	76,443	87,268	2.7
Northern	39,862	41,304	0.7
Far North	36,298	36,971	0.4
North West	132,457	141,848	1.4
Total Queensland	40,506	45,495	2.4
Rest of Australia	44,266	49,118	2.1

Source OESR/Queensland Treasury

#### Analysis

Per capita income for the Sunshine Coast in 2006 was one of the lowest in Queensland and was nearly 25% lower than the SEQ average. This is the inevitable result of lower participation, lower incomes, higher part time work and other economic variables considered in the Data Book.

The preceding analysis shows that the impact of the projected ageing will reduce employment participation, increase part time work, reduce incomes and expenditure.

Unless remedial action is taken, the forecast age structure changes will further reduce the relative per capita income for the Sunshine Coast. A do nothing policy is likely to result in absolute declines in real per capita regional income.

The present very low per capita regional income for Hervey Bay part of Wide Bay/Burnett at 2006, when taken into account with the similarity of the age structure of Hervey Bay in 2006 with that for the Sunshine Coast at 2031 should ring alarm bells for many in the Sunshine Coast community who are concerned about the future prospects for the region.

### **Action**

To turn around the low per capita income requires urgent attention to the components of regional income, namely the levers that have been highlighted elsewhere in the Data Book including:

- Age structure
- Labourforce participation;
- Income;
- Labour productivity
- Education and Training

## **7.2 Capital**

### **Facts and Analysis**

One of the issues for the SCBC is the supply of capital as one of the key factors of production.

In the short term, there is considerable economic and financial uncertainty as most major western advanced economies (except Australia) grapple with significant debt.

As debt is gradually reduced in the countries concerned, government expenditure will need to decline, thus slowing future economic growth.

The international economic uncertainty has led to generally more conservative lending policies with implications on the Australian construction sector in particular. Retail spending has also generally been lower.

In contrast, the Asian and South American economies are growing rapidly, with Australia a major beneficiary of the rapid growth in Asia. This is creating the two speed patchwork economic conditions in Australia and a very high Australia dollar relative to the US dollar, which has adversely affected international tourism and other internationally exposed sectors.

Excellent sources of information and analysis on international economic and financial conditions including national and regional growth forecasts are provided by the:

- International Monetary Fund (IMF) [www.imf.org/external/index.htm](http://www.imf.org/external/index.htm),  
and
- The OECD  
([www.oecd.org/home/0,2987,en\\_2649\\_201185\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/home/0,2987,en_2649_201185_1_1_1_1_1,00.html))

One feature of the slow growth and debt of the west and the rapid growth in China is the emergence of China as a rapidly developing source of world capital.

In relation to Australia, China now ranks third as a source of direct investment from a very low base only 5 years ago. In addition, apart from Hong Kong and three international banking centres (British Virgin Islands, Cayman Islands and Luxemburg), Australia ranked as the largest destination for Chinese direct investment in 2010.

While the mining and resources sector has received most attention as a location for Chinese direct investment, the property and construction sectors are also very important. Other Asian centres such as Singapore, are also growing sources of investment in property.

The 2010 Statistical Bulletin of China's Direct Outward Foreign Investment showed the main destination Countries as:

**Table 15 Destination of Chinese Direct Investment 2010**

Country	Amount \$USm
Australia	7,876
Singapore	6,069
United States	4,873
Russia	2,787

Chinese direct Investment in Australia rose from \$US543m in 2004 (about half the level of investment in the USA) to \$US7, 876m in 2010 where Australia attracted significantly more than the USA.

Chinese investment is focussed on mining, manufacturing, transport and construction and real estate.

The Foreign Investment Review Board Annual Report 2010 reports that:

- The United States of America (\$39.1 billion) was the largest source country for foreign investment proposals in 2009-10. The United Kingdom (\$28.6 billion), China (\$16.3 billion), Japan (\$6.0 billion) and Switzerland (\$5.9 billion) were the other major source countries of approved investment in 2009-10.
- Investment in mining was the dominant sector (\$12.1b), but real estate ranked second at \$2.4b

CBRE reported in September 2011 that:

- Foreign investment in the Australian commercial property market has reached highs not seen since the early 1990s;
- Offshore based institutions and private investors accounted for 41% of the AU\$2.49 billion in commercial sales transacted in Q3;

### **Implications**

Capital is a critical requirement as the Sunshine Coast moves towards 500,000 and as seen over the past 5 years there have been rapid changes in world capital. In the next 20 years to 2031, Australia and the Sunshine Coast need to be well attuned to major economic change. The Federal Government has stated that the shift of economic and strategic weight to Asia has never been more profound for Australia's interests than it is now, and has commissioned a White Paper to provide a national blueprint for

Australia at a time of transformative economic growth and change in Asia and to help Australia navigate the Asian Century.

The Sunshine Coast will also need to be ware of and to be ready to capitalise on opportunities as they rise.

### **7.3 Economic Impact Multipliers**

The Office of Economic and Statistical Research (OESR) within Queensland Treasury prepares economic impact and employment multipliers for Queensland Regions. The 'best fit' region for the Sunshine Coast is the Brisbane Moreton region, which is essentially most of SEQ.

The SCRC Economic Development Division advises that the SCRC does not have reliable multipliers for the local government area.

Multipliers are much used and much abused. The use of multipliers is not endorsed by OESR or Queensland Treasury, despite the fact that the agencies prepare the Queensland regional multipliers and they are widely used by Government agencies and in assessing projects.

The multipliers are provided in a separate document, *Queensland Regional Input output Tables 34 Industries*. The Brisbane-Moreton value-add multipliers are at Table 12 of the document, and the Brisbane-Moreton Employment multipliers are at Table 22. The explanation of the different types of multipliers uses and limitations are provided at pages 89-90.

Despite reservations, value add and employment multipliers, if carefully used, can provide a comparative assessment of the impacts of new demand or investment on different sectors of the economy.