# Sunshine Coast Business Council

# Update on Regional Data Using 2011 Census
# &
# Validation of SCBC 'Economic Directions' Strategic Propositions

## February 2013

CONTENTS

# 1    Background

The Sunshine Coast Business Council (SCBC) is seeking to influence the development of the Sunshine Coast by researching, debating and presenting evidence based economic data that will support the sustainable growth of the Sunshine Coast to a population of some 500,000 with about 250,000 jobs.

The SCBC conducts and supports fact-based research to support its leadership and discussion on critical regional economic issues. In addition, the Business Council seeks to identify those aspects of the Sunshine Coast economy that can best contribute to export, investment and net new job creation that can grow real per capita Gross Regional Product (GRP).

The previous Data Book 2011 provided information and other data to support the SCBC presentation, *What, So What and What Now (and How)* and was used as a basis for the development of the SCBC economic strategies and targets for 2012.

The SCBC has identified transformative projects and target industries that it considers can best contribute to the achievement of greater economic well-being, sustainability, investment and employment for the region.

The outcome of the SCBC's assessments in 2011 and its program for 2012 are contained in the SCBC Economic Framework 2011-2031 and Economic Directions Forum 2012.[1]

# 2    Purpose

## 2.1    Development of the Data Book

The research supporting the 2013 Data Book is 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.

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[1]    www. scbusinesscouncil.com.au

The Data Book 2013 has been developed and refined for the SCBC to assist in the further development of its views concerning the future of the Sunshine Coast.

A key part of this Data Book is to bring to bear the results of the 2011 Census, to examine the implications of revised population estimates and compare the Sunshine Coast now with its performance 5 years ago and with other regions.

In addition, based on the findings in the Data Book and other data, the key propositions, strategies and targets developed by the SCBC have been tested and evaluated. Recommendations have been made for refinement where needed.

## 2.2    Core Assumptions

The analysis of the future for the Sunshine Coast is based on the following, although recognising that each is scheduled for review:

- The SEQ Plan 2031 will determine land availability and broad planning structure, with the Plan to be revised by 2014, and a broader review of state planning is underway;

- The 2011 Queensland Government medium series projections of population and age structure for the Sunshine Coast, with the projections to be reviewed later in 2013; and

- The State Government Four Pillars economic policy objectives will set the framework for the state economic development directions during the term of the Government.

The Sunshine Coast Regional Council (SCRC) has prepared a Draft Planning Scheme. The SCBC, in association with other business groups made a submission in response to the Draft and the Council's consultation process is not yet complete. In addition the SCRC has advised that an Economic Development Strategy will be prepared early in 2013.

While the above factors introduce some contextual uncertainty, the core economic opportunities and challenges facing the Sunshine Coast are sufficiently clear and well documented that a course of action can be

determined with confidence.

The positions taken by the SCBC, based on the research, can influence and be influenced by the revised SEQ Plan, a possible revision of the Queensland planning framework, the new population projections, the Council's new economic development strategy and the Council's Planning Scheme.

The strength and validity of the SCBC's views will be enhanced by the quality of the underlying research contained in this Data Book and other research sponsored by the Business Council.

# 3 Structure

## 3.1 Content

This Data Book retains the general structure of the previous data book to present information within the framework provided in the federal Government *Intergenerational Report 2010* namely by examining the factors that underpin long-term economic well-being:

- Population;

- Participation and

- Productivity

In addition to the longer-term perspective, based on the forecast time horizon of reaching a population of some 500,000 by 2031, some shorter-term measures have also been included.

For a number of measures, the Sunshine Coast is placed in context by the provision of Australian and Queensland data and by comparisons with other major Australian cities and regions.

## 3.2 Format

The Data is grouped in the following general themes:
- National Economic Framework;

- Gross Regional Product;

- Population;

- Participation;

- Productivity;

- Other measures, and

- A review of the SCBC propositions.

Compared with the previous Data Book, this edition examines the advantages and disadvantages of adopting a general-purpose economic measure, such as Gross Regional Product and other more direct measures and recommends an approach for the SCBC to adopt.

The Data Book uses the following general format, although this version places more emphasis on the "so what" and "what now", so there is more attention on analysis, implications and policy initiatives.

- Topic;

- Data set;

- Analysis;

- Methodology and definitional issues;

- Implications, and

- Actions for consideration.

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

## 3.3    Time Frame

The Data Book has several time periods:

- The examination of the 2011 Census;

- Changes in the intercensal period 2006 to 2011, and

- More recent data that picks up key indicators since 2011.

Most 2011 Census results have been released by the Australian Bureau of Statistics (ABS) and the Socio Economic Indexes For Areas (SEIFA) will be released in March 2013.

The other time frame is for the Sunshine Coast at 500,000 people, which based on current Queensland Government projections, is expected to be about 2031. These projections are scheduled for review by later 2013, and will incorporate the revised lower population estimates for 2011.

## 3.4     Validation

A key section of the report (Section 10) assesses the validity of the propositions, target sectors, strategies, and measures proposed by the SCBC. Assessments are provided for the following:

- The concept and measurement of Gross Regional Product (GRP);

- The target ranking for Sunshine Coast GRP;

- Participation rates that would achieve the employment sought for a 500,000 population;

-  The industry sectors identified as providing the means to increase net new population generating exports, investment, and jobs, and

- The strategies adopted in 2012 to achieve the desired economic outcomes.

## 3.5     Data Validity

The 2011 Census results showed considerable variation from the ABS Population Estimates for some areas, including the Sunshine Coast.

The process of reconciliation of the 2011 and previous Population Estimates to the 2011 Census has involved revising the Population Estimates from 2006 to 2011. Later, the Population Estimates will be revised back 20 years, but this subsequent smoothing process will involve relatively small annual adjustments. These are expected by June 2013 for the State totals and by August 2013 for local government areas.

It should be noted that the Population Estimates on a usual residence basis are the ABS official population data, and the difference between the estimates from the Sunshine Coast LGA 2011 Census (306,900) and the June 2011 Population estimates (316,800) represent the ABS assessment of the level of undercounting in the Census.

A key issue arising from the revision of the Population Estimates is that the data provides the basis for the quantum measures from the ABS Labourforce Survey data for the Sunshine Coast. As a result, the ABS Labourforce Survey data will also be revised, with the revision expected by early 2014. The ABS advises that notwithstanding the revision, the rate-based data (unemployment rate and participation rate) should be satisfactory as these are directly based on the surveys.

The revision of the Population Estimates will also be reflected in new Queensland and local government Population Projections due by about September 2013. The new Population Projections will start from a lower base and reflect the lower than projected growth from 2006 to 2011.

# 4 National Economic Framework

## 4.1 National Challenges

### 4.1.1 Long Term

The Commonwealth Government *Intergenerational Report 2010* provides a long-term framework and forecasts of key national economic variables to 2050. This in turn provides a national context for considering the Sunshine Coast at 2011 and to 2031.[2]

The Intergenerational Report highlighted the importance of 3Ps — participation, productivity and population that has become a prominent feature of economic debate more broadly. While the 2010 report is still the latest, a review of the Intergenerational Reports over the past decade has identified a possible expansion to the 3Ps concept. The Commonwealth Treasury recently stated that:

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[2]     www.treasury.gov.au/igr/igr2010/

*"The 3Ps framework can be extended to the much less elegant '3Ps and an E' framework. The Employment of participants in the labour force is important, as both a determinant of GDP, and a policy goal in its own right* [3]

The SCBC's focus has always been on employment growth as the single most important driver of economic well-being for the Sunshine Coast community. This focus continues in this Data Book. The Business Council's focus is supported by the above statement from the Commonwealth Treasury.

The key findings of the *Intergenerational Report 2010* are still 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.

**Economic Framework**

The economic framework focuses on the drivers of long-term economic well-being and growing real Gross Domestic Product as Population, Productivity and Participation (3Ps and now adding E). Behaviour in these areas defines the long term 'speed limit' for the economy. The major components and sub elements of the 3Ps framework, as adapted to the Sunshine Coast's circumstances and data availability, are illustrated in Chart 1 below. This framework and the measures included provide the context for the subsequent examination of the Sunshine Coast's economic performance.

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[3]     A Decade Of Intergenerational Reports: Contributing To Long Term Fiscal Sustainability. Dr David Gruen. Commonwealth Treasury. 2012

**Chart 1 Economic Framework**
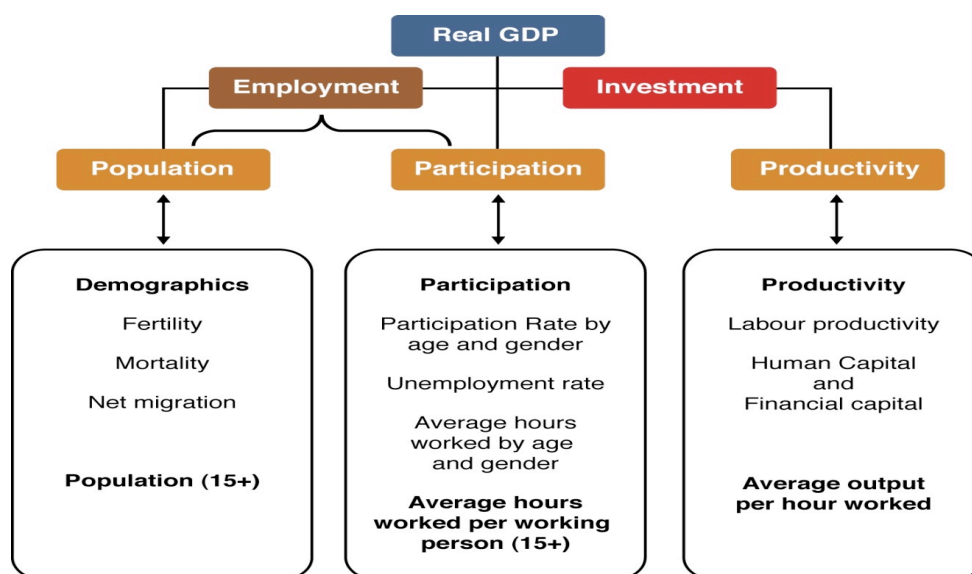


Source. SCBC. Adapted from Intergenerational Report 2010 for Sunshine Coast to emphasise importance of human capital and financial capital as productivity improvement measures.

**An 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 that the Sunshine Coast will be facing over the next 10-20 years.

**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 labourforce participation across the whole population is also projected to fall.

There is scope for Australia to improve its labourforce 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.

**Financial Capital Investment**

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.

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.

**Human Capital Investment**

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.

When the analytic framework is applied to the Sunshine Coast, it provides clear guidance towards increasing public and private financial capital investment and increasing human capital as key means to increase participation, productivity and real per capita Gross Regional Product (GRP).

**4.1.2    Short Term**

In addition to the longer-term issues affecting the nation and the region, there are short-term issues that directly and indirectly affect the Sunshine Coast regional economy including:

- Persistently high exchange rates with adverse effects on exports, tourism and manufacturing in particular;

- The development of a two-speed economy, where rapid development of the mining sector has come at the expense of those industries and areas not directly involved;

- The apparent unresponsiveness of interest rate reductions in stimulating borrowing and investment;

- The credit crunch that followed the Global Financial Crisis (GFC), and the consequent loss of business confidence;

- The peaking and prospective reduction in investment in the resources sector;

- Slowing net internal migration to Queensland;

- Increasing softness in employment in the non resource sectors, and

- Recent Commonwealth and State deficits, which will limit public investment opportunities in the future.

## 4.2    Implications for the Sunshine Coast

The Sunshine Coast is at the leading edge of the challenges identified for Australia, for example:

- Population growth, where the Sunshine Coast had become highly dependent on rapid population growth, but where the growth rate slowed markedly and consistently from 2002/03 (well before the GFC) and the population growth rate has been below that of Queensland from 2006/07 (Chart 3 provides details);

- Net internal migration has also slowed markedly, significantly reducing a major driving force for the Sunshine Coast economy with the clear requirement for a much better understanding of the drivers of the gross population flows into and from the Sunshine Coast as an urgent priority, as the basic planning assumptions about the region may need revision away from a population serving focus to a jobs creating focus;

- 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 Sunshine Coast because it is further down the ageing pathway can be used to trial means by which greater employment participation by the older population can be encouraged;

- The need for increased education and training as a key means to increase productivity has been reflected in the major improvements in skills and Qualifications between the 2006 and 2011 Census. This highlights the impacts of the Sunshine Coast University, Sunshine Coast TAFE and the education sector generally as key drivers for increased economic prosperity in the region, and

- The need for increased infrastructure in cities (and the key role of cities as key drivers in the increase in national productivity), which has been addressed in part by the Queensland Government and SCRC, as well as by the transformative projects identified by the Business Council.

The following sections provide more detail of the Sunshine Coast's present and future economic and demographic conditions, presented within the broad framework of the key indicators contained in the *Intergenerational Report* (3Ps and E).

# 5 Gross Regional Product

## 5.1 Meaning and Measurement

The SCBC has set relative (increase over a period of time) and comparative (Sunshine Coast rankings compared with other major Australian and Queensland regions) objectives for the Sunshine Coast economy with GRP per capita as the key indicator.

While the SCBC previously had the concept of per capita Gross Regional Product (GRP) as an indicator, its 2012 propositions place it in a central role. For this reason the concept and measures are examined in detail in this Data Book.

The purpose of this section is to examine the GRP concept, its usefulness and limitations and the advantages and disadvantages of a range of GRP measures for the Sunshine Coast.

The following provides a summary of the development of GRP by the Queensland Treasury. The methodology is more transparent than measures of GRP produced by others.

The concept of GRP derives from the production side of the economy and production is the process whereby labour, capital, land, knowledge and other resources are combined for the provision of goods and services.[4]

The measurement of GRP is undertaken on the same conceptual basis as Gross Domestic Product (GDP) for Australia and Gross State Product (GSP) for Queensland. However the Queensland Treasury prepared GRP data for regions are "experimental". Queensland Treasury advises that "*owing to the paucity of economic statistics available at the regional level … extreme care should be taken when interpreting changes at the regional industry level*".

Estimates of GDP and GSP are calculated on the following basis:

- The income approach (measures the income generated by employees, government and firms);

- The expenditure approach (measuring expenditure in the economy by individuals, corporations and governments), and

- The production approach (measuring the market value of goods and services less the value of inputs).

Estimates of GRP are produced using the income approach, which aggregates the income generated by employees, government and firms.

The Queensland Treasury determines compensation of employees for most

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[4]     Queensland Government. Treasury Experimental Estimates of Gross Regional Product. 2008

industries on Census data and in some industries (agriculture, forestry, fishing, and manufacturing) on ABS industry specific surveys and Census data).

Gross operating surplus and gross mixed income are determined for a region by a variety of means including industry employment from the ABS Census Working Population Profile and industry specific data such as building approvals, ABS industry survey data, State Agricultural surveys, and mineral production.

State-wide taxes and subsidies are allocated on an industry basis, as there is no adequate method to allocate taxes less subsidies on products across industries on a sub-state basis.[5]

The implications for regions are clear:

- This more people working for a given population and the higher per capita wages and salaries, the higher will be GRP per capita;

- The higher are profits for business the higher will be GRP per capita, and

- The higher government net expenditure in a region, the higher will be GRP per capita.

The current Queensland Experimental GRP data was produced in 2008 to incorporate the 2006 Census results and a further set is scheduled for publication in early 2013, incorporating the 2011 Census results.

Two other sets of GRP data are available for the Sunshine Coast. The first of these was produced by National Economics as part of a long running series of reports (*State of the Regions*) produced for the Australian Local Government Association (ALGA) and covering all regions in Australia and the other by AECgroup prepared as a one-off consultancy for the SCRC.

The National Economics GRP results are produced annually and the methodology for the components of GRP show that National Economics has had to grapple with the same data limitations as outlined above for the

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[5]     Queensland Government. Treasury Experimental Estimates of Gross Regional Product. 2008

Queensland Treasury estimates, but the need for annual estimates means that the envelope needs to be pushed further and a range of other measures used to fill the gaps.

National Economics uses different data sets because it prepares annual estimates of GRP. Some key issues include:[6]

- Business value added is calculated on a residential basis, not on a business location basis, but due to the very high employment self containment for the Sunshine Coast, this is not a major issue;

- Extensive use of taxation statistics for non-farm components of wages and salaries income;

- Growth in employment at the local area level is combined with growth in income per employee and the base levels of income from Taxation Statistics to produce updates of income at the regional level;

- State and national account control totals are then used to balance wages and income growth;

- Farm income is estimated using rainfall data as a proxy for the impact of drought on regional incomes. The change in rainfall from long-term average is used as a basis for allocating farm income on a regional basis;

- The business income for a region is effectively based on the value of the businesses that operate in the region and the relative performance of the economy as a whole. Unfortunately the net business income as reported in Taxation Statistics does not adequately capture the total impact of business income;

- The extensive use of a region's relative share of industries and the performance of those industries, for example if the state industry growth of an indicator is less than the overall growth of the indicator then the effect at the regional level will be negative, and

- Extensive use of state control total as balancing items.

The AECgroup estimates of GRP are based on its own internal models.

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[6]     National Economics/Australian Local Government Association. *State of the Regions 2012-13*. Appendix 3 Indicator Explanations.

## 5.2 Uses and Limitations

### 5.2.1    Uses

The main advantage of a GRP or GRP per capita indicator is that it is designed to capture all economic activity in a region and as such is a very useful "catch all" measure. It can at a second level provide the basis for ranking between regions.

Real growth in GRP can be set as a target.

At the national or state level the GNP or GSP data can provide a high level of reliability and validity.

### 5.2.2    Limitations

At the regional level a full range of data is not available to develop reliable absolute measures of GRP. Hence a wide range of other measures is used to provide a best estimate. In addition, in the absence of local data, state-wide date is used to provide a proxy for the local performance generally based on a region's share of the state activity and the relative growth of those industries where a region has particular strengths or weaknesses.

The National Economics estimates, because they are annual, need to push the data envelope further. The basis for the AECgroup GRP estimates is not known but details may be available from AECgroup.

### 5.2.3    Comparisons of the Various Methodologies

In the case of the Queensland Treasury Experimental GRP estimates, the methodology is clear, and the data limitations are clearly acknowledged. The disadvantage is that the estimates are only available each five years. Other positive and negative considerations include:

Positive

- Official, Government based;

- Methodology transparent;

- Uses "plain vanilla" GDP per capita measure;

- Likely ongoing series, and

- The best indicator of absolute GRP.

Negative

- Infrequent at 5 year intervals (new set expected in February 2013), and

- Cannot compare Queensland regions with non-Queensland regions.

The key features of the National Economics, *State of the Regions*, GRP estimates are:

Positive

- Frequent, annual, good past series;

- Published by ALGA with presumed support from local governments;

- Likely ongoing series;

- Methodology reasonably transparent, but different and specialised inputs from those of Queensland Treasury, and

- Can compare Queensland regions with non-Queensland regions.

Negative

- Not official;

- Some "black box" methodology;

- Uses a different base to determine per capita GRP and different base year to convert to real GRP than Queensland Treasury GRP estimates, and

- Regions are based on Australian Government Regional Development Australia "regions" and do not always align with ABS Statistical Divisions, but not a significant issue for Sunshine Coast.

The main features of the AECgroup GRP estimates, at least based on the presentation to the SCRC, are:

Positive

- Can compare Queensland regions with non-Queensland regions.

Negative

- One off snapshot report, future reports not certain;

- Not official, and

- Methodology not transparent, although AECgroup may be able to provide.

### 5.2.4    Recommended Use

The concept of GRP is useful, but its limitations must be acknowledged. The GRP can be used in a number of ways, as follows:

**Absolute values**

- Use Queensland Treasury Experimental Estimates (with the post 2011 Census set due to be published in March/April 2013).

**Relative values and ranking**

- Use Queensland Treasury Experimental Estimates for ranking in Queensland, and

- Use National Economics for Australia-wide ranking.

**Annual tracking of rankings**

- Use National Economics, *State of the Regions*.

Because there are inherent data issues with the GRP estimates, no matter the source, an additional approach is to measure those factors that make up the key elements of GRP, and the most important and readily available of these are employment indicators such as:

- Labourforce participation (quarterly);

- Employment participation (quarterly);

- Wages and Salaries by occupation (annual), and

- A wide range of income measures from the Census (five yearly).

## 5.3 GRP Measures for Sunshine Coast

### 5.3.1    Queensland Government Estimates

The Queensland Government experimental GRP estimates were prepared following the 2001 and 2006 Censuses and a new set is currently in preparation following the 2011 Census. Sunshine Coast estimates were only available for 2006, as in 2001 the Sunshine Coast was included as part of the Moreton Statistical Division that also included Gold Coast and the Ipswich based West Moreton areas.

The 2006 estimates were included in the previous data book and are included here as a basis for comparison with the other estimates discussed above. Because of the different methodologies used, the key comparison is the ranking of the Sunshine Coast.

Per capita income for the Sunshine Coast in 2006 was one of the lowest in Queensland exceeding only Wide Bay-Burnett and West Moreton This is the inevitable result of lower participation, lower incomes of those working, higher part time work and other economic variables considered in the Data Book.

**Table 1   Real Gross Regional Product Per Capita, Chain volume measures ($, 2005–06), Queensland, 2005–06**

| Region | 2005–06 | Average annual growth |
|---|---|---|
|  |  |  |
| Brisbane | 47,313 | 3.4 |
| Gold Coast | 36,014 | n.a. |
| Sunshine Coast | 32,241 | n.a. |
| West Moreton | 22,850 | n.a. |
| Moreton (b) | 33,671 | 3.0 |
| *South East Queensland* | *42,867* | 3.1 |
| Wide Bay-Burnett | 29,466 | 1.1 |
| Darling Downs | 40,526 | 2.8 |
| South West | 62,845 | –2.1 |
| Fitzroy | 71,256 | 1.4 |
| Central West | 47,766 | –5.1 |
| Mackay | 87,268 | 2.7 |
| Northern | 41,304 | 0.7 |
| Far North | 36,971 | 0.4 |
| North West | 141,848 | 1.4 |
| Total Queensland | 45,495 | 2.4 |
| Rest of Australia | 49,118 | 2.1 |

Source    Queensland Treasury

### 5.3.2    National Economics *State of the Regions*

The data in the *State of the Regions* 2012 report covers the period 2007 to 2012. As this report uses a different per capita basis than does the Queensland Treasury estimates, ranking provides the best means of comparison. A sense of scale can also be provided by comparing the relative position of the Sunshine Coast to other regions. It should be noted that the regions used in the State of the Regions report are those used for Regional Development Australia (RDA) and so differ from those used by the Queensland Treasury and the AECgroup.

Notwithstanding the differences in methodology, some differences in boundaries, different inputs used and time periods, the regional GRP per capita rankings are broadly similar to those in the 2006 Queensland Treasury estimates. Sunshine Coast ranks towards the bottom of the scale, exceeded only by Wide Bay Burnett.

**Table 2   State of the Regions Ranking of GRP per capita 2007 and 2012**

|    | Ranking 2007 |    | Ranking 2012 |
|----|--------------|----|--------------|
| 1  | Mackay Bowen | 1  | Mackay Bowen |
| 2  | Fitzroy Central West | 2 | Fitzroy Central West |
| 3  | Townsville North West | 3 | Darling Downs |
| 4  | Moreton Bay | 4 | Townsville North West |
| 5  | Cairns and Far North | 5 | Logan Redland |
| 6  | Illawarra/Wollongong | 6 | Newcastle |
| 7  | Logan Redland | 7 | Moreton Bay |
| 8  | Newcastle | 8 | Cairns and Far North |
| 9  | Darling Downs | 9 | Gold Coast |
| 10 | Gold Coast | 10 | Illawarra/Wollongong |
| 11 | SW Moreton | 11 | SW Moreton |
| 12 | Geelong | 12 | Geelong |
| 13 | Sunshine Coast | 13 | Sunshine Coast |
| 14 | Wide Bay Burnett | 14 | Wide Bay Burnett |

Source State of the Regions, 2012.

### 5.3.3    AECgroup

The AECgroup Report for the SCRC benchmarked the Sunshine Coast on a number of economic performance measures including real GRP per capita at 2010/11.[7]

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[7]       AEC Group  SCRC Economic Benchmarking. Prepared for SCRC. Final Report May 2012.

As the basis for the methodology is not clear, the ranking of the Sunshine Coast provides the most useful indicator to compare the most directly relevant regions. It should be noted that those regions that rank lower than Sunshine Coast are those on the fringe of Brisbane.

**Table 3   AECgroup Ranking of GRP per capita 2011/12**

| 1 | Newcastle |
|---|---|
| 2 | Mackay |
| 3 | Townsville |
| 4 | Wollongong |
| 5 | Cairns |
| 6 | Gold Coast |
| 7 | Greater Geelong |
| 8 | Sunshine Coast |
| 9 | Logan |
| 10 | Ipswich |
| 11 | Moreton Bay |

The AECgroup rankings are broadly similar to the previous two sets except it has the Sunshine Coast above the fringe Brisbane areas of Logan, Ipswich and Moreton Bay. To this extent it differs from the National Economics rankings and to some degree from the National Economic State of the regions rankings.

## 5.4 Other Direct Measures

GRP data has a number of uses, most notably it provides a convenient catch-all single measure. The problem as noted previously is that key data at the regional level is limited and a range of "work-arounds" is needed, which do not occur at the national and state level.

The alternative to a derived catch-all GRP number is to use data that more directly measures the state of the economy. On the production side, income from employment and participation rates provide good direct measures, which are available annually or quarterly respectively.

On the income side taxation data is available annually and individual and household income data is available each five years from the Census.

Not surprisingly as the economic system is comprised of directly connected parts, the key inputs on the production or income/consumption sides of the

economy are likely to result in similar rankings for regions. An example is provided below based on employment and income for employees, one of the major components of the determination of GRP.

The ABS series for Wage and Salary Earner Statistics for Small Areas provides the following rankings for the key comparative regions.[8] The results show essentially the same patterns as the other series with the wages and salaries in the mining areas highest, followed by Brisbane, a range of regional cities and then Sunshine Coast followed by the Fraser Coast.

**Table 4  Average Wages and Salaries for Major Queensland Regions 2009/10**

| LGA | Average ($) | Variation from Sunshine Coast |
|---|---|---|
| Townsville (C) | 48,999 | 18.5% |
| Redland (C) | 48,423 | 17.1% |
| Moreton Bay (R) | 46,265 | 11.8% |
| Ipswich (C) | 44,785 | 8.3% |
| Cairns (R) | 43,884 | 6.1% |
| Toowoomba (R) | 43,048 | 4.1% |
| Gold Coast (C) | 43,018 | 4.0% |
| Logan (C) | 42,985 | 3.9% |
| Sunshine Coast (R) | 41,365 | 0.0% |
| Fraser Coast (R) | 39,463 | -4.6% |

Source. ABS. Wage and Salary Earners. Small Area Data

The overall rankings reflect the structure of the economy and the average wages and salaries within each industry. Of the 10 regions above, the Sunshine Coast's ranking. (from 1, highest to 10 lowest), for each major occupational group is provided in the following table.

**Table 5  Sunshine Coast Ranking of Average Wages and Salaries by Occupation Group for Major Queensland Regions 2009/10**

| Occupation Group | Ranking |
|---|---|
| Managers | 9 |
| Professionals, | 8 |
| Technicians and Trades | 10 |
| Community and Service | 10 |
| Clerical and Admin | 9 |
| Sales | 7 |
| Machinery Operators and Drivers | 7 |
| Labourers | 9 |
| Total | 9 |

Source. ABS. Wage and Salary Earners. Small Area Data

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[8]  ABS. Wage and Salary Earner Statistics for Small Areas.

Average wages and salaries are lower for the Sunshine Coast as a result of a combination of the following:

1   Wages and salaries in most industries tend to be lower than the average for those industries in all major regions.

2   The Sunshine Coast has a higher proportion of its employment in those industries that tend to pay less, irrespective of where they are located.

3   The Sunshine Coast has a relatively high proportion of part-time workers.

4   The Sunshine Coast has a relatively low total labourforce participation rate.

5   In industries where the wages and salaries difference between the Sunshine Coast and the regional average is relatively low, the Sunshine Coast has a relatively high proportion of its workforce (sales, personal service, technicians and trades) and in areas where the difference is relatively high (managers, professionals and clerical) the Sunshine Coast has a relatively small proportion of its employment.

These overall lower average wages and salaries translate directly into lower GRP per capita.

While the Sunshine Coast rankings for Wages and Salaries are very low, relatively small increases (5-10%) would have a profound impact and so flow through to increased GRP per capita and regional ranking of GRP per capita.

The Census and the Wages and Salary Earners data allows testing of the SCBC's proposition that the focus on the development of the Health, Education, Tourism and Professional Services industries would make a substantial contribution to Sunshine Coast per capita GRP by a higher proportion of employment being in those industries. The assessment of this proposition is provided indirectly because both the readily available Census

income data and the Wages and Salary Earners data are provided on an Occupational not Industry basis.[9]

The Wages and Salary Earners series shows the average income for each occupation group and the proportion of wages and salary earners accounted for by each occupation group.

**Table 6   Sunshine Coast Average Wages and Salaries by Occupation Group 2009/10**

| Occupation Group | Average Wage | Variation from Average |
|---|---|---|
| Managers | 57,224 | 38.3% |
| Professionals | 60,179 | 45.5% |
| Tech and Trades | 45,226 | 9.3% |
| Community and Pers. Service | 30,259 | -26.8% |
| Clerical Admin | 33,527 | -18.9% |
| Sales | 28,474 | -31.2% |
| Mach Ops. and Drivers | 47,706 | 15.3% |
| Labourers | 29,286 | -29.2% |
| Not stated | 28,794 | -30.4% |
| Total | 41,365 | 0.0% |

Source. ABS. Wage and Salary Earners. Small Area Data

Wages and Salaries for Professionals and Managers are well above average, Machine Operators and Drivers and Technical and Trades workers just over average and the other occupations are significantly below average.

The issue is then to determine the industries of employment of the higher paid occupations, which is provided by the Census on a work place basis cross classifying occupations and industry of employment.

The Professions occupation group, the highest paid, is concentrated in the Education, Health, Professional Services and Finance and Insurance Services industries which together account for 77.9% of this occupation group. These industries are the focus of the SCBC's strategies to increase per capita GRP.

The Managers occupational group, the second highest paid, is allocated relatively evenly across all industries but with higher than average

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[9]     Income by Industry would be available from the ABS as special tables, but is not published in the Census Profile Series.

concentrations in Retail, Accommodation and food services and in Agriculture, forestry and fishing.

As a scenario testing exercise, a very small (three percentage point increase) in the proportion of Professionals and Managers, and small proportional decreases in the lower paid occupations (by one to two percentage points), and no changes in average incomes for any occupations, increases total Sunshine Coast wages and salaries by 5%, which carried forward to rankings would increase the Sunshine Coast from towards the bottom to about mid field.

Testing with other feasible scenarios such as with small increases in participation, full time work, variations in the industry and occupational mix and higher productivity could see the Sunshine Coast wages and salaries and per capita GRP rankings increase significantly.

Another factor that seems to have influenced the Sunshine Coast GRP in recent years is the decline in non-residential investment. In a discussion of a prime objective of planning for regions being the attraction of investment into an area, the *State of the Regions* report notes the very high positive correlation between the increase in non-dwelling construction capital stock (which in turn is highly correlated with equipment investment expenditure) and the increase in local GRP 2004-2012. The high correlation is shown below for all regions in Australia from 2004 to 2012.[10]

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[10]     State of the Regions Report 2012. p106

**Chart 2   Relationship between GRP and Non Dwelling Investment Australia 2004-2011**
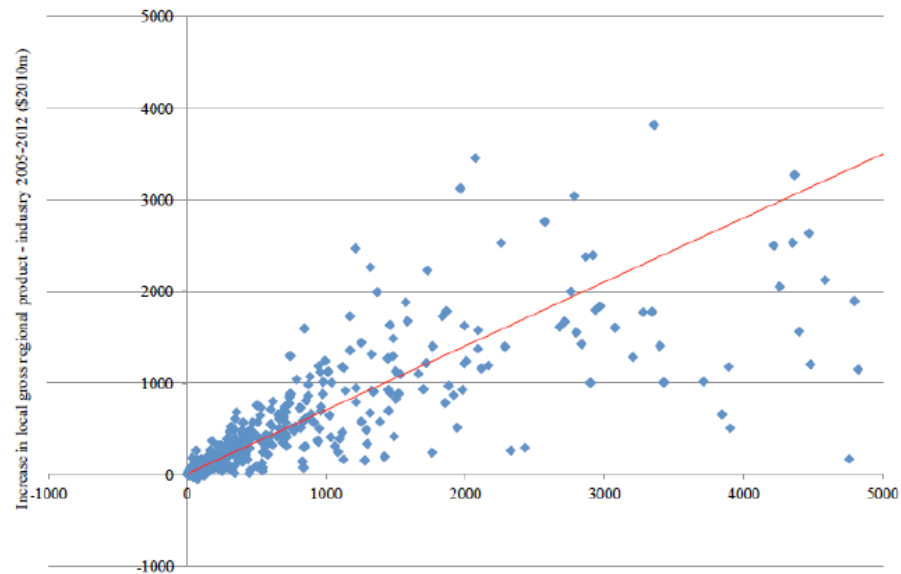


Source: *State of the Regions*, 2012. The vertical axis is increase in GRP ($m) and the horizontal axis is increase in engineering and non-residential capital stock ($m).

**Analysis**

The association of engineering and non-dwelling building investment and GDP is not surprising as not only is economic activity directly generated from the engineering and non-dwelling investment (as is the case with dwelling construction) but the investment creates infrastructure and places for new jobs to be created and places for people to work to earn incomes and to produce goods and services to export. It is part of the virtuous circle and a key role of planning policies should be to attract investment as is stated in *the State of the Regions* report.

A range of different methodologies, different input measures, different time periods, direct measures and indirect GRP measures produce essentially the same result. The performance of the Sunshine Coast as an economy ranks towards the bottom performing regions in the state.

Given that there are some issues with all the measures, it is recommended that the SCBC use a range of measures to assess performance rather than relying on a single GRP measure.

The initial instincts of the SCBC to focus on employment generation as the prime means of addressing economic development objectives has been

confirmed by the importance of employment, participation and wages and salaries as the single most important factor in contributing to increasing the region's GRP. The Commonwealth Treasury shares the view.

# 6 Population

## 6.1 Sunshine Coast Population

The Sunshine Coast local government area has the fourth largest population in Australia (behind Brisbane, Gold Coast and Moreton Bay Region). The Sunshine Coast grew very rapidly in the early part of the decade but slowed markedly over recent years.

**Table 7   Major Local Government Areas 2001 and 2011**

| Area | Population 2001 (000) | Population 2011 (000) | Percent Change 2001-2011 |
|---|---|---|---|
| Brisbane (C) | 896.7 | 1089.7 | 21.5 |
| Gold Coast City (C) | 387.1 | 527.4 | 32.6 |
| Moreton Bay (R) | 286.5 | 398.6 | 36.0 |
| Sunshine Coast (R) | 247.1 | 316.8 | 28.2 |
| Logan (C) | 237.2 | 287.5 | 21.2 |
| Greater Geelong (C) | 194.4 | 215.1 | 10.6 |
| Lake Macquarie (C) | 187.8 | 195.9 | 4.3 |
| Wollongong (C) | 189.7 | 201.2 | 6.0 |
| Newcastle (C) | 142.1 | 154.9 | 9.0 |

Source. ABS Regional Population Growth. Estimated Resident population. 3218.0
Includes revised estimates following the 2011 Census

**Analysis**

Despite the recent slow down, the population increase from 2001 to 2011 was nearly 30%. The Sunshine Coast has an age structure, employment base and population and employment density that are somewhat similar to the Gold Coast but significantly different to those of Newcastle, Geelong and Wollongong, and the outer Brisbane areas of Moreton Bay and Logan.

The recent slow-down in population growth in the Sunshine Coast has been significant, rapidly moving from a position where its growth rate was well above the Queensland average to a growth rate tracking below the declining state average growth rate since 2006/07. It is notable that the rate of growth started its steep decline in 2002/03, well before the GFC.

**Chart 3   Comparative Growth Queensland and Sunshine Coast 2002-2011**
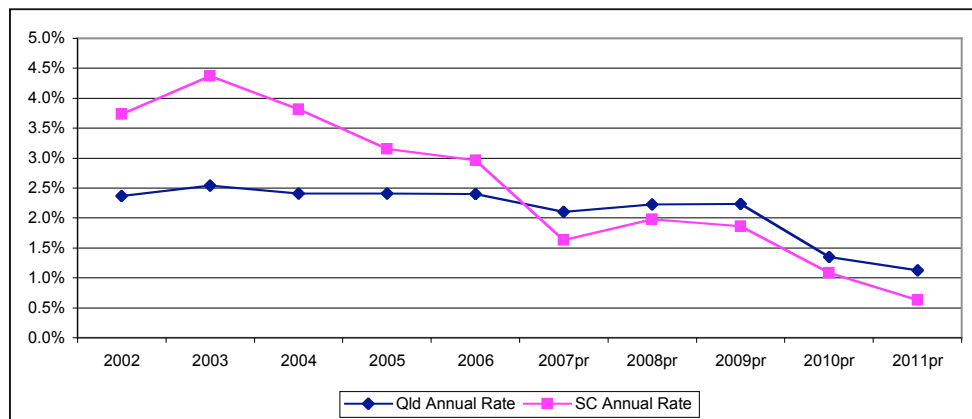


Source ABS Regional Population Growth. Estimated Resident population. 3218.0

**Implications**

The challenges and opportunities for the Sunshine Coast are different from those of the other longer established cities, and even the Gold Coast, and these have been highlighted by the removal of the buffer that strong population growth traditionally provided to support the Sunshine Coast economy.

The challenges the Sunshine Coast faces are unique, and the solutions need to be found within its Council, community and in its relations with the State Government in particular.

A critical issue is that there needs to be a better understanding of the gross movements of people to and from the Sunshine Coast, and the reasons people come and go. There are suggestions that house prices in the Sunshine Coast compared to those in donor cities of Sydney and Melbourne in particular are important, but job opportunities are also likely to be important.  The same "mega" factors that are at work for the Sunshine Coast also appear to be present for the Gold Coast as illustrated in the comparative population growth rates below.

**Chart 4   Comparative growth Queensland, Sunshine Coast and Gold Coast 2002-2011**
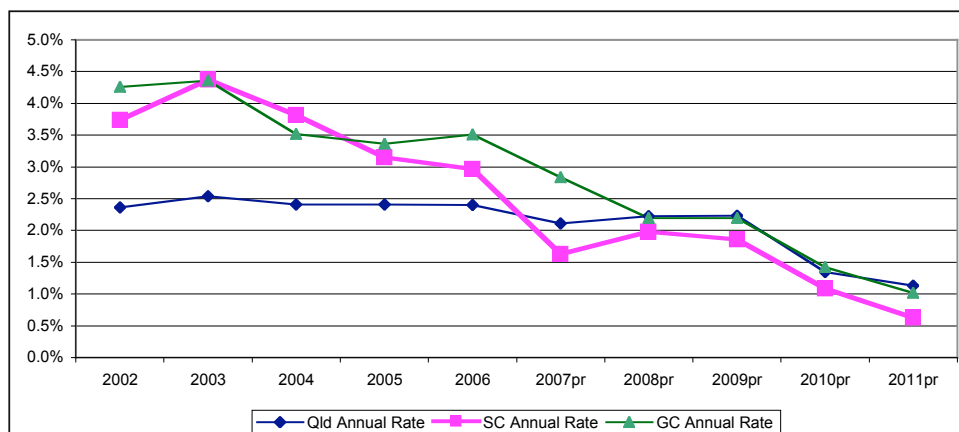


Source: ABS Population Estimates

## 6.2 Components of Growth

Net migration to the Sunshine Coast provided the impetus to population growth, but this fell significantly from 2005/06 and again from 2008/09. From 2005/06 to 2006/07 net migration halved, as it did from 2008/09 to 2009/10 and again from 2009/10 to 2010/11.

**Table 8    Components of Population Growth Sunshine Coast 2005/06 to 2010/11**

|          | Births | Deaths | Natural Increase | Total Increase | Net Migration | Net Migration Share |
|----------|--------|--------|------------------|----------------|---------------|---------------------|
| 2005/06  | 3208   | 1902   | 1306             | 8493           | 7187          | 84.6%               |
| 2006/07  | 3543   | 1952   | 1591             | 4801           | 3210          | 66.9%               |
| 2007/08  | 3743   | 2230   | 1513             | 5942           | 4429          | 74.5%               |
| 2008/09  | 3782   | 2133   | 1649             | 5684           | 4035          | 71.0%               |
| 2009/10  | 3688   | 2203   | 1485             | 3378           | 1893          | 56.0%               |
| 2010/11  | 3472   | 2332   | 1140             | 1969           | 829           | 42.1%               |

Source: ABS Births, Deaths, and Population Estimates. Net migration is derived.

The net migration component share declined from nearly 85% in 2005/06 to 42.1% in 2010/11, for the first time contributing less than natural increase. This series can at present only go back to 2005/06 as, to date, the post Census reviews of the Population Estimates only extend this far back. The components of annual population increase are shown in the Chart below.

**Chart 5     Components of Sunshine Coast Population Growth 2005/06 to 2010/11**
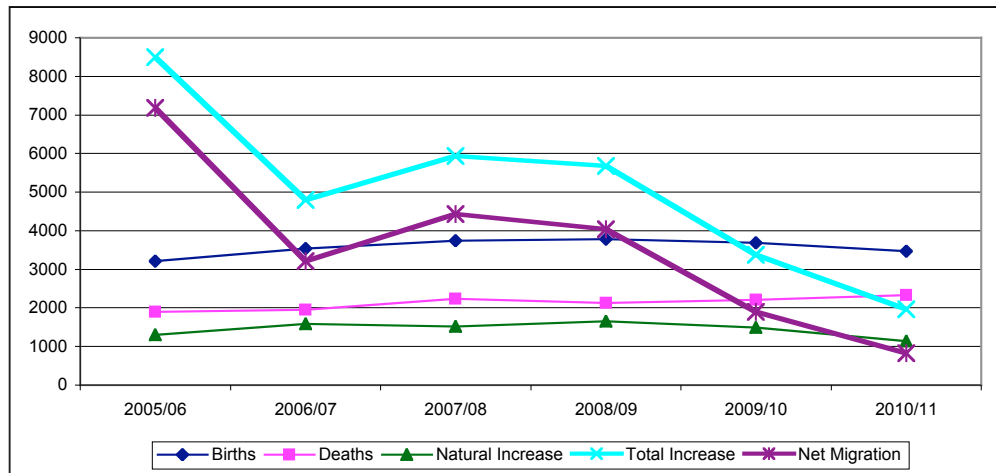


Source: ABS Births, Deaths, and Population Estimates. Net migration is derived.

The declining share made by net migration is provided below.

**Chart 6     Net Migration Share of Sunshine Coast Population Growth 2005/06 to 2010/11**
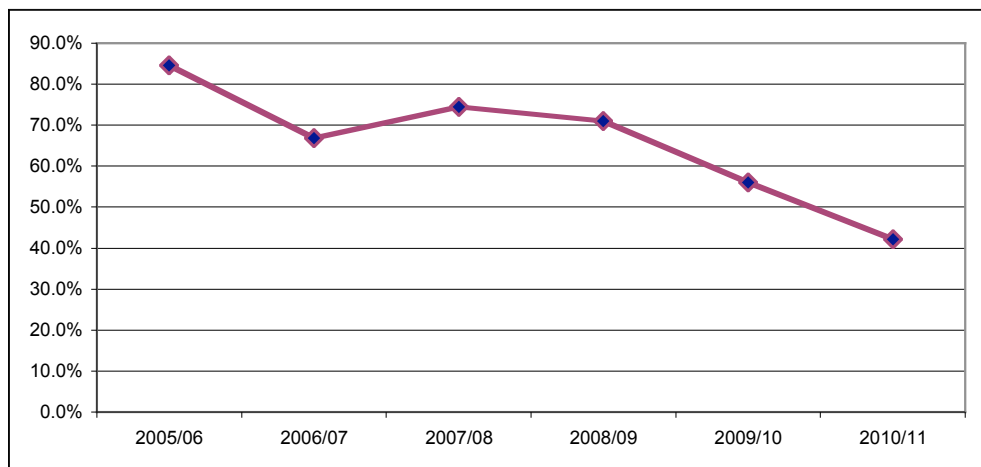


Source ABS. Population Estimates, Births and Deaths. Net migration is residual.

It is significant that from 2006 to 2011, the following changes occurred in the source of population inflow:

- Movements from NSW fell by 34.0%;

- Movements from Victoria fell by 19.2%;

- Movements from South Australia fell by 11.9%, but

- Movements from other parts of Queensland increased by 15.0%, and

- Movements from Overseas increased by 21.1%.

**Analysis**

The main issue facing the Sunshine Coast is that it has developed as a population growth dependent economy. That growth has declined significantly because of the rapid decline in net migration. The reasons need to be understood to determine if it is only a short term change that will turn around in response to different economic conditions, relative house prices, increased lending, employment opportunities, etc, or whether it is a more fundamental long term shift.

**Implications**

The slowing of net migration to the Sunshine Coast will have profound implications.

As a significant component of the region's economic base is driven by those industries responding to and serving the population (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 Sunshine Coast needs to urgently consider strategies that boost investment, employment and income as the prime focus of economic strategies.

## 6.3 Projected Population Growth

The Queensland Government revises the population projections twice between each Census. The population projections contained in the previous Data Book remain unchanged at this stage but new projections are scheduled for release in about September 2013.

The new projections will incorporate the revised lower 2011 Population Estimates (some 22,000 less than that projected for 2011) and presumably also take into account the lower than achieved growth from 2006 to 2011. The actual growth achieved from 2006 to 2011 was 21,800, rather than the 43,300 projected.

The new 2013 projections may therefore be lower than the current projections, and the 508,000 population previously projected to be achieved by 2031 may take a few years longer to achieve. The current projections are below.

| 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% |

Table 9        Forecast Population 2006-2031

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**

The current projections assume high, but slowing growth and depend on the implied net migration flows being realised. As discussed in the previous section, the recent decline in net migration may, depending on the assumptions made in the forthcoming projections, see lower projected growth or the same level being reached but over a longer time period.

## 6.4 Age Structure

### 6.4.1    Current Population

The Sunshine Coast continues to have a relatively old population, but the rate of ageing slowed marginally from 2006 to 2011.

Of concern however is that in 2011 there were slightly lower proportions of the population in each age group from 5-24 years (school aged and early workforce entry cohorts) and from 30-49 (prime working age cohort). Correspondingly there were higher proportions of the population in most age groups over 60 years (mainly retired cohort).

The demographic clock is remorseless and the long-term economic well-being of the Sunshine Coast depends on more young people and more people in the prime economically active age groups.

**Table 10    Age Structure Sunshine Coast 2006-2011**

| Age Group | 2006 | 2011 |
|-----------|------|------|
| 00-04 | 5.8% | 5.8% |
| 05-09 | 6.6% | 6.4% |
| 10-14 | 7.2% | 6.8% |
| 15-19 | 6.5% | 6.4% |
| 20-24 | 5.0% | 4.8% |
| 25-29 | 4.7% | 4.8% |
| 30-34 | 5.9% | 5.1% |
| 35-39 | 6.7% | 6.5% |
| 40-44 | 7.5% | 7.2% |
| 45-49 | 7.6% | 7.4% |
| 50-54 | 7.0% | 7.1% |
| 55-59 | 7.0% | 6.7% |
| 60-64 | 6.0% | 6.8% |
| 65-69 | 5.0% | 5.7% |
| 70-74 | 4.0% | 4.4% |
| 75-79 | 3.4% | 3.3% |
| 80-84 | 2.4% | 2.5% |
| 85+ | 1.8% | 2.3% |
| Total | 100.0% | 100.0% |

Source    ABS Census

The chart below shows the comparative age structure for the working age population for the Sunshine Coast, Queensland and Australia. In the age groups 15-34, the Sunshine Coast has a significantly lower proportion of its population, which is balanced by the much higher proportions 55 years and over.

**Chart 7    Comparative Age Structure 2012**
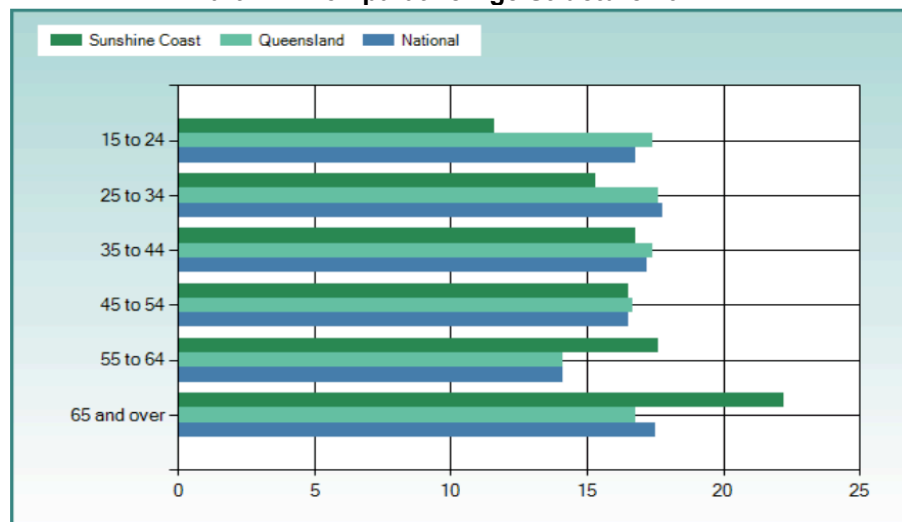


Source: DEEWA

**Analysis**

The lower total Sunshine Coast labourforce participation and higher part-time work and hence lower wages and salaries and lower GRP per capita is explained as much by demographics as by the industry structure.

### 6.4.2    Projected Population

The age structure of the projected population also remains unchanged, but will be reviewed as part of the next set of population projections.

**Table 11 Projected Age Structure 2031**

| Age Group | 2031 | Percent 2031 |
|---|---|---|
| 00-04 | 28892 | 5.7% |
| 05-09 | 30521 | 6.0% |
| 10-14 | 31044 | 6.1% |
| 15-19 | 27800 | 5.5% |
| 20-24 | 26272 | 5.2% |
| 25-29 | 26690 | 5.3% |
| 30-34 | 29520 | 5.8% |
| 35-39 | 32454 | 6.4% |
| 40-44 | 33852 | 6.7% |
| 45-49 | 33189 | 6.5% |
| 50-54 | 29941 | 5.9% |
| 55-59 | 30693 | 6.0% |
| 60-64 | 30572 | 6.0% |
| 65-69 | 29580 | 5.8% |
| 70-74 | 26822 | 5.3% |
| 75-79 | 22081 | 4.3% |
| 80-84 | 17877 | 3.5% |
| 85+ | 20370 | 4.0% |
| Total | 508170 | 100.0% |

Source    Queensland Population Projections 2011. Medium Series

## Analysis

The current population projections for 2031 show that, compared with 2011, there are lower proportions of the population in each age group from 0 to 19 years and higher proportions in each age group over 65.

The assumptions in the 2013 Population Projections for net migration will be critical as it could result in a rate of ageing higher than that assumed in the current projections. The new Population Projections need to be assessed very carefully.

## 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 variables 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 community.

The demographic structure is closely related to the economic structure and both need to be high priority issues of public policy.

The previous Data Book noted that the forecast age structure for the Sunshine Coast at 2031 is on average significantly older than that for the Hervey Bay region in 2006. This still applies to the Hervey Bay region (Fraser Coast Part A) 2011 population, but to a lesser degree than in 2006, as there has been a slight slowing of the rate of increase in the average age of the Sunshine Coast population between 2006 and 2011.

Compared with the Fraser Coast (Part A) area at 2011 (which contains the Hervey Bay region), the Sunshine Coast projected 2031 population:

- Has a significantly lower proportion under 20years (1.9 percentage points), and

- Has a slightly higher proportion 65 years and older (0.3 percentage points.

**Table12  Fraser Coast 2011 and Sunshine Coast 2031 Population Age Structure**

| Age Group | Fraser Coast Part A) 2011 | Sunshine Coast 2031 | Difference |
|-----------|---------------------------|---------------------|------------|
| 0-19      | 25.2%                     | 23.3%               | -1.9%      |
| 20-64     | 52.1%                     | 53.8%               | 1.7%       |
| 65+       | 22.7%                     | 23.0%               | 0.3%       |
| Total     | 100.0%                    | 100.0%              |            |

Source 2011 Census for Fraser Coast (Part A). Queensland Population Projections for Sunshine Coast 2031.

Within the context of the 3Ps, population growth was the Sunshine Coast's major strength, but this is dependent on net migration and there has been a significant slow down in this key driver, as confirmed by the 2011 Census and the significant revision of the 2011 Population Estimates. The rate of population growth has slowed markedly since 2002/03 and net migration has fallen from 7187 in 2005/06 to 829 in 2010/11.

It should be noted that all the reduction in the Sunshine Coast population from that contained in the previous Population Estimates comes from the

net migration component. Births, Deaths and Natural Increase remain unchanged.

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**

Given the importance of population growth to the Sunshine Coast economy a policy response has been slow to develop, The slow down in rates of growth started 10 years ago and the absolute declines in the annual increases have been evident for at least six years, and a longer time period is likely to be confirmed when the Population Estimates for the period 2001 to 2006 are revised by the ABS. The decline in population growth on the scale experienced in the Sunshine Coast is similar to another region losing a major industry.

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;

- Reducing the loss of the economically active population 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.

The preceding analysis shows that the impact of the projected ageing will reduce employment participation, increase part time work, and 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 very low per capita regional income for the Hervey Bay part of Wide Bay/Burnett (now Fraser Coast Part A) at 2006, when taken into account with the similarity of the age structure of Hervey Bay in 2011 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.

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:

- Addressing the age structure;

- Increase labourforce participation;

- Change the economic structure, in particular seeking to grow higher income industries in Health, Education and Professional Services and to ensure Sunshine Coast's tourism is strong;

- Increase engineering and non dwelling investment;

- Increase labour productivity, and

- Build the skills and qualifications base.

# 7 Employment

## 7.1 Industry Structure

The economic structure is well captured in the employment in each industry, changes over time and comparisons between the Sunshine Coast and other regions.

**Table 13 Sunshine Coast Employment, 2001, 2006 and 2011**

| | 2001 | 2006 | 2011 | Change 2001 to 2011 |
|---|---|---|---|---|
| Agriculture, forestry & fishing | 4.0% | 2.7% | 2.0% | -2.1% |
| Mining | 0.3% | 0.4% | 1.0% | 0.7% |
| Manufacturing | 8.6% | 7.3% | 6.6% | -2.0% |
| Electricity, gas, water & waste services | 0.7% | 0.6% | 1.0% | 0.3% |
| Construction | 9.5% | 12.5% | 11.1% | 1.6% |
| Wholesale trade | 3.9% | 3.3% | 3.2% | -0.7% |
| Retail trade | 13.8% | 13.9% | 12.8% | -1.0% |
| Accommodation & food services | 10.1% | 9.1% | 9.0% | -1.1% |
| Transport, postal & warehousing | 3.6% | 3.5% | 3.7% | 0.0% |
| Information media & telecommunications | 1.7% | 1.4% | 1.3% | -0.4% |
| Financial & insurance services | 2.5% | 2.7% | 2.7% | 0.2% |
| Rental, hiring & real estate services | 2.8% | 2.9% | 2.4% | -0.5% |
| Professional, scientific & technical services | 4.8% | 5.1% | 6.0% | 1.2% |
| Administrative & support services | 3.4% | 3.2% | 3.4% | 0.0% |
| Public administration & safety | 3.9% | 4.6% | 4.5% | 0.5% |
| Education & training | 7.9% | 7.5% | 8.2% | 0.3% |
| Health care & social assistance | 10.2% | 11.1% | 13.5% | 3.3% |
| Arts & recreation services | 1.5% | 1.5% | 1.5% | 0.1% |
| Other services | 4.2% | 4.0% | 3.9% | -0.3% |
| Inadequately described/Not stated | 2.5% | 2.6% | 2.3% | -0.2% |
| **Total** | 100.0% | 100.0% | 100.0% | 0.0% |

Source: ABS Census. Time Series Profile. Based on place of enumeration.

The features of the structural change in the Sunshine Coast economy from 2001 to 2011, expressed in percentage point changes, are:

**Larger Increases**

- Health care & social assistance, 3.3%;

- Construction, 1.6%, (but a decline of 1.4% from 2006 to 2011), and

- Professional, scientific & technical services, 1.2%.

**Larger Decreases**

- Agriculture, -2.1%;

- Manufacturing, -2.0%;

- Accommodation and food services, -1.1%;

- Retail, -1.0%, and

- Rental, hiring & real estate services, -0.5%.

**Sustained increases at each Census**

- Health care & social assistance;

- Mining, and

- Professional, scientific & technical services.

**Sustained decreases at each Census**

- Agriculture;

- Manufacturing;

- Accommodation and food services, and

- Information media & telecommunications.

**Analysis**

The concern from these trends is the apparent decline in those industries that have a higher than average export base, for example Agriculture, Manufacturing, Tourism related (Accommodation and food services, Rental, hiring & real estate services) and Retail to the extent that tourist based retail expenditure is an important part of the Sunshine Coast's exports.

The long-term economic viability of the Sunshine Coast depends on generating more exports across all industry sectors. Desirably the Sunshine Coast needs to develop more industries that generate net new exports, jobs and investment and become less dependent on population serving industries.

A preliminary analysis of industries at 2006 and 2011 in terms of their export share (population supporting) compared with their population serving functions seems to indicate that the Sunshine Coast's export performance has declined from 2006 to 2011.

There is scope for the SCRC to do more work in this area to refine the export, net new investment and job generation capacity of industries.  Such

an understanding is fundamental to the future viability of the Sunshine Coast and to the achievement of policies will increase jobs, income and investment. These in turn will be reflected in increased GRP per capita and other input variables and ultimately as increased economic well-being for the community.

## 7.2 Labourforce Participation

### 7.2.1    Measures

Participation in the economy is one of the central 3Ps to achieve increased economic well-being (Population and Productivity are the others), and results directly in Employment.

In the previous data book three main measures were use to describe employment participation:

- Total participation (the labourforce (employed and unemployed) as a proportion of the total population;

- Labourforce participation which is the labourforce (employed and unemployed) as a percentage of the population aged 15 years and over, and

- Age specific labourforce participation, which is the proportion of a particular age group that is in the labourforce.

These will be used in this Data Book, but augmented by employment participation, which is similar to the above measures but includes only those employed, and excludes those unemployed.

### 7.2.2    Total Participation

At the 2011 Census the SC total participation rate (total labourforce as a percent of the total population) was 47.4%, an increase over 2006 at 44.8%.

**Table 14 Sunshine Coast Labourforce Status 2006 and 2011**

| Employment | Sunshine Coast (R) | 2011 % | 2006 % |
|---|---|---|---|
| Worked full-time | 76,132 | 52.4 | 54.58 |
| Worked part-time | 50,780 | 34.9 | 33.9 |
| Away from work and NS | 8,167 | 5.6 | 5.9 |
| Total employed | 135,078 | 92.9 | 94.2 |
| Unemployed | 10,266 | 7.1 | 5.8 |
| Total in labourforce | 145,345 | 100.0 | 100.0 |
| Population | 306,909 | | |
| Total Participation Rate | | 47.4 | 44.8 |

Source ABS Census. NS is not stated.

While total labourforce participation has increased from 2006 to 2011, which is desirable, a significant part of the increase results directly from an increase in unemployed (from 5.8% in 2006 to 7.1% in 2011).

From 2006 to 2011, full-time work decreased as a proportion of the labourforce and part time work increased, as did unemployment. As a consequence, it is likely that as a result of a lower proportion of full time workers and higher unemployment, total hours worked per head of the labourforce is likely to have decreased.

The table below from the 2011 Census shows that the Sunshine Coast has, compared with the Queensland average, a lower proportion of the labourforce in full time work, higher in part-time work, lower in employed and higher in unemployed.

**Table 15 Sunshine Coast and Queensland Labourforce Status 2011**

| | Sunshine Coast | Percent | Queensland | Percent |
|---|---|---|---|---|
| Worked full-time | 76,132 | 52.4% | 1,302,955 | 60.0% |
| Worked part-time | 50,780 | 34.9% | 611,296 | 28.2% |
| Away from work | 8,167 | 5.6% | 125,025 | 5.8% |
| Employed | 135,079 | 92.9% | 2,039,276 | 93.9% |
| Unemployed | 10,266 | 7.1% | 131,798 | 6.1% |
| Total in labourforce | 145,345 | 100.0% | 2,171,074 | 100.0% |

Source ABS Census

### 7.2.3    Employment Participation

The chart below shows the comparative employment participation rate for the Sunshine Coast. The same general patterns shown in comparative GRP per capita, comparative wages and salaries are apparent, with Brisbane and the mining based areas at the top and Sunshine Coast, Wide Bay Burnett and West Moreton towards the bottom.

This chart reinforces the importance of increasing employment participation as a key means to increase GRP per capita.

**Chart 8    Employment Rate October 2012**



Source: Labourforce Survey, October 2012. While there are issues with the Labourforce Survey, rate based information should be reliable.

### 7.2.4    Age Specific Labourforce and Employment Participation

The impact of age on labourforce participation is illustrated in the Chart below, which shows the rapid fall off in participation after 54 years, and the gap between labourforce and employment participation, represented by unemployment for those 15-24.

Broadly similar age specific participation curves occur in all regions.

**Chart 9    Sunshine Coast Labourforce and Employment Participation 2011**
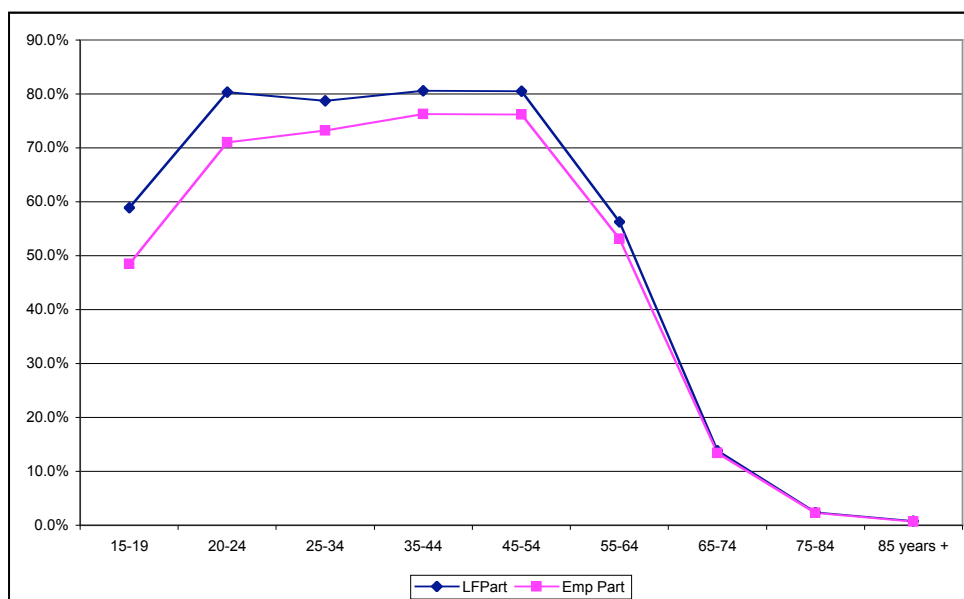
Source: ABS Census

### 7.2.5 Hours Worked

Those on the Sunshine Coast worked fewer hours that the average for Queensland and Australia. In the Sunshine Coast 56.3% of people worked 35 or more hours per week, compared with 63.9% for Queensland and 63.3% for Australia. Fewer hours generally means a lower weekly pay, which is shown in the Sunshine Coast's low ranking for wages and salaries as reported previously.

**Table 16 Hours Worked Sunshine Coast, Queensland and Australia 2011 (percent)**

| Hours Worked | Sunshine Coast | Queensland | Australia |
|---|---|---|---|
| 1-15 hours per week | 13.2 | 10.4 | 10.8 |
| 16-24 hours per week | 10.7 | 8.8 | 9.4 |
| 25-34 hours per week | 13.6 | 10.8 | 10.2 |
| 35-39 hours per week | 15.9 | 18.1 | 18.0 |
| 40 hours or more per week | 40.4 | 45.8 | 45.3 |

Source ABS Census. Excludes those reporting working less than one hour per week.

### 7.2.6 Unemployment

The unemployment rate will generally provide the other side of the coin to the employment rate. The chart below provides details, with Brisbane and

the mining communities having the lowest unemployment rate and Sunshine Coast, Wide Bay Burnett and Ipswich towards the higher unemployment rates. There is a close negative correlation between GRP per capita and its input components and unemployment rates.

**Chart 10 Unemployment Rate October 2012**



Source: Labourforce Survey, October 2012. While there are issues with the Labourforce Survey, rate based information should be reliable.

**Analysis**

The employment patterns that were evident to 2006 and reported in the previous Data Book are in place, but on balance the employment conditions for the Sunshine Coast have deteriorated between 2006 and 2011:

- Unemployment rate increased;

- The proportion of those working full-time declined;

- The proportion of those working part-time increased;

- The increase in total participation is due primarily to an increase in unemployed, and

- It is likely that total hours worked per worker declined.

If the Sunshine Coast had the same labourforce participation rate at the 2011 Census as the Queensland average there would be another 8,500 in the labourforce.

If the Sunshine Coast had the same unemployment rate at the 2011 Census as the Queensland average (6.1% compared with 7.1%) there would be another 1,400 in employment.

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

Because of the inherent problems of the impact of an ageing population on labourforce 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*.

## 7.3 Future Labourforce

### 7.3.1   Participation at 2011 Levels

The labourforce and employment participation at 2011 provides the basis for forecasting the Sunshine Coast 2031 labourforce and employment participation.

**Table 17 Sunshine Coast Labourforce and Employment Participation 2011**

| Age Group | Employed | Unemployed | Total labour force | Population | Labourforce Participation | Employment Participation |
|---|---|---|---|---|---|---|
| 0-4 | - | - | - | 17747 | - | - |
| 5-9 | - | - | - | 19579 | - | - |
| 10-14 | - | - | - | 20750 | - | - |
| 15-19 | 9454 | 2024 | 11478 | 19491 | 58.9% | 48.5% |
| 20-24 | 10507 | 1381 | 11888 | 14797 | 80.3% | 71.0% |
| 25-34 | 22325 | 1660 | 23985 | 30476 | 78.7% | 73.3% |
| 35-44 | 32069 | 1815 | 33884 | 42042 | 80.6% | 76.3% |
| 45-54 | 34033 | 1920 | 35953 | 44658 | 80.5% | 76.2% |
| 55-64 | 22087 | 1293 | 23380 | 41538 | 56.3% | 53.2% |
| 65-74 | 4153 | 154 | 4307 | 31090 | 13.9% | 13.4% |
| 75-84 | 401 | 17 | 418 | 17705 | 2.4% | 2.3% |
| 85 years + | 49 | 3 | 52 | 7036 | 0.7% | 0.7% |
| Total [1] | 135078 | 10267 | 145345 | 306909 | 47.4% | 44.0% |
| Population 15 years and over [2] | 135078 | 10267 | 145345 | 248833 | 58.4% | 54.3% |

Source ABS Census. Note 1. Total participation shows labourforce and employment as a percent of the population in each age group and in total. Note 2. Provides labourforce and employment participation as a percent of the population aged 15 years and over.

### 7.3.2    Scenario 1 Base Case Participation at 2011 Levels

The application of the Sunshine Coast age specific 2011 labourforce participation rates to the projected age structure at 2031 gives a labourforce of 229,400 compared with 219,100 by the application of the 2006 rates. The resulting employment is 213,000 assuming a continuation of the 2011 unemployment rate.

This is the base case as represented in the SCBC employment gap concept between the "do nothing" or "more of the same" option and the jobs target that would result from a range of projects, greater export effort, net new investment and a focus on jobs that are population generating not just population serving. The illustration of the gap is provided below.

**Chart 11    SCBC Employment Gap**
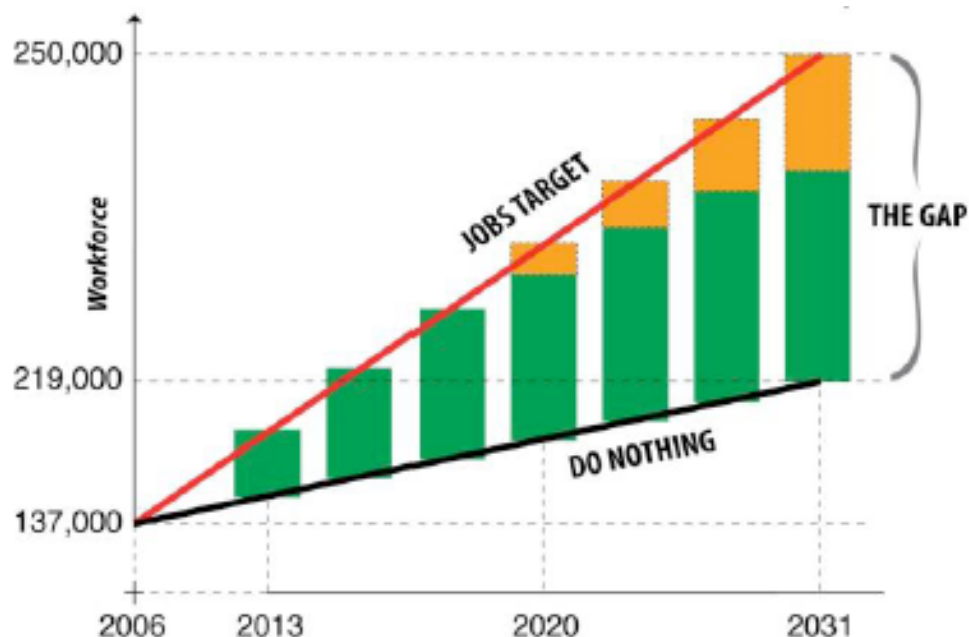


Source: Sunshine Coast Business Council

The "do nothing" labourforce increases from 219,000 based on the 2006 labourforce participation rates to 229,000 based on the 2011 rates, but as the unemployment rate increased from 5.8 % in 2006 to 7.1% in 2011, the employment benefits are not proportional.

**Table 18 Sunshine Coast Labourforce and Employment 2031**

**Scenario 1 2011 Labourforce and Employment Participation**

| Age | 2031 Population | Labourforce with 2011 LFPR | Employment with 2011 Employment Participation |
|---|---|---|---|
| 15-19 | 27800 | 16374 | 13483 |
| 20-24 | 26272 | 21096 | 18653 |
| 25-34 | 56210 | 44237 | 41202 |
| 35-44 | 66306 | 53443 | 50591 |
| 45-54 | 63130 | 50820 | 48105 |
| 55-64 | 61265 | 34492 | 32593 |
| 65-74 | 56402 | 7840 | 7558 |
| 75-84 | 39958 | 959 | 919 |
| 85 years and over | 20370 | 143 | 143 |
| Total | 508170 | 229404 | 213247 |

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

### 7.3.3 Scenario 2 Reduce Unemployment to Full Employment Level

The Sunshine Coast should aim to achieve a rate of unemployment that is consistent with the non-inflation generating full employment rate, which is accepted at present as 5%.

The impact of reducing the unemployment rate from the 2011 level of 7.1% to 6% and 5 %, and changing no other variables is shown below and results in about an additional 4,500 people in employment.

**Table 19 Sunshine Coast Labourforce and Employment 2031**
**Scenario 2 Reduce Unemployment to 5%**

| Unemployment Rate | 2031 Labourforce | 2031 Unemployment | 2031 Employment |
|---|---|---|---|
| 7% | 229404 | 16058 | 213346 |
| 6% | 229404 | 13764 | 215640 |
| 5% | 229404 | 11470 | 217934 |

Source Table 17

Such a target would have greatest benefits on the younger population where the Sunshine Coast unemployment is disproportionately high and the gap between labourforce participation and employment participation is greatest. Targeting jobs for this cohort will also reduce the probability of people in this age group leaving to find work elsewhere, and thus slow the ageing process.

### 7.3.4 Scenario 3 Achieve Average Queensland Participation

The Sunshine Coast should also aim to achieve labourforce and employment participation rates that have been achieved in 2011 for Queensland. This should be regarded as a minimum objective as larger urban-based regions typically have participation rates that are higher than average, whereas those for the Sunshine Coast are below average.

Because the Sunshine Coast has an older age structure, participation rates will be lower, so to overcome this issue, the target should be to achieve age specific rates for the Sunshine Coast that would achieve the overall Queensland average.

The comparison of the Sunshine Coast and Queensland 2011 labourforce and employment participation rates is shown in the table below.

**Table 20 Sunshine Coast and Queensland 2011 Labourforce and Employment Participation**

|  | Queensland | Sunshine Coast | Difference (percentage points) |
|---|---|---|---|
| Labourforce | 62.8% | 58.4% | 4.4 |
| Employment | 59.0% | 54.3% | 4.3 |

Source ABS Census. Proportion of population 15 years and over.

The simple application of the Queensland average participation rates to the Sunshine Coast by 2031 gives an additional 33,000 labourforce and employment over the base case of no change by 2031.

**Table 21 Scenario 3 Application of 2011 Queensland Average Participation Rates for Sunshine Coast 2031**

|  | 2031 |
|---|---|
| Population 15 and over | 417713 |
| Qld 2011 Labourforce Participation [1] | 62.8% |
| Qld 2011 Employment Participation [1] | 59.0% |
| Sunshine Coast Labourforce | 262324 |
| Sunshine Coast Employment | 246451 |

Source ABS Census. Queensland 2011 Population Projections.
Note Proportion of population 15 years and over.

While this scenario achieves the SCBC overall objective of about 250,000 employment for a 500,000 population, it does not address the participation issues inherent in the Sunshine Coast older age structure.

### 7.3.5 Scenario 4 Increase Sunshine Coast Age Specific Participation

To achieve a labourforce of about 250,000 for a 500,000 population would require the Sunshine Coast age specific labourforce participation rates to increase by 6% for each age group. A percentage increase higher than merely reaching the Queensland 2011 average (4.4%) is needed to counter the influence of the Sunshine Coast age structure.

In policy terms this means:

- Increasing job opportunities for younger people to encourage both higher labourforce and employment participation;

- Reducing the gap between labourforce participation (working and intending to work) and employment participation particularly for the 15-24 age group) and so reducing unemployment;

- Increasing job opportunities for people in the prime working age groups by the project opportunities and targeted actions in the SCRC Economic Development Strategy flowing directly into the Sunshine Coast Planning Scheme, and

- Encouraging greater economic participation for those over 55, where the fall off in participation is particularly marked.

These initiatives to increase participation, with an increase in full-time work and a small increase in wages and salaries would see a marked change in Sunshine Coast GRP per capita and increase its ranking from around the bottom to middle to upper ranking.

### 7.3.6    Employment Summary

In summary, the future well-being of the region depends largely on policies to encourage:

- Higher participation for all age groups;

- Retention of the young;

- Higher productivity;

- Engagement of the older population to reduce the rapid decline in participation over 55;

- More full-time jobs;

- Better paid jobs;

- Gradual change in industry and occupation structure towards those industries (Health, Education, Professional Services) and occupations (Professions and Managers) that on average pay more;

- Higher qualifications and skills which are associated with higher pay and higher participation, and

- Attraction of those in the economically active age groups.

# 8 Productivity

## 8.1 Education and Training

Productivity measures at the local level are difficult to obtain. Labour productivity measures are the most readily available.

The *Intergenerational Report* highlighted the association between higher skills and qualifications and higher wages and salaries, higher participation and lower unemployment.

In an overall situation where the Sunshine Coast has, economically, moved "sideways" from 2006 to 2011 or has made little progress, the performance of building the skills base has been outstanding. The most significant achievements have been in tertiary education participation and completions. Providing jobs are available for graduates, this is a basis on which the Sunshine Coast can move forward.

Key indicators include the following that need to be compared with the population increase of 7.4% from 2006 to 2011:

- Rapid growth from 2006 to 2011,

    o Post graduate qualifications up 61.0%,

    o Graduate Diploma and Graduate Certificate Level qualification increased by 40.2%,

    o Bachelor degree qualifications up by 35.1%,

    o Advanced Diploma and Diploma Level increased by 30.1%, and

- There was slower growth in Certificate Level vocational education qualifications in the population, but it still increased by 23.3%, about three times the rate of population increase.

To ensure greater retention of graduates, the employment opportunities issue also needs to be addressed.

Over time the Sunshine Coast University (SCU) has attracted an increasing share of the local students progressing on to Higher Education, and thus

reduced leakages. The SCU plans to substantially increase its enrolments over the next few years, which is a further significant step. However both increased educational capacity and jobs for graduates are critical and must go hand in hand.

The SCU is a key plank in the economic future of the Sunshine Coast. There is scope to attract net new education investment and export dollars in attracting students from elsewhere in Australia and from overseas.

An area where there seems to be growth potential in the education sector is in serving the international market, which in 2011 was the fourth largest Australian export sector, after iron ore, coal and gold, worth some $12B (more than wheat and beef combined). Despite the growth of this sector, the Sunshine Coast attracts a very small share.

If growth in Asian middle class demand is to provide future opportunities for the Sunshine Coast, then the provision of education services provides a necessary and relatively easy entrance to this market opportunity.

The SCU is sponsoring an Education Industry Plan for the Sunshine Coast, and as the education sector is both an enabling and directly contributing sector as outlined in the Intergenerational Report, the education sector should be a key focus of the forthcoming SCRC Economic Development Strategy.

## 8.2 Total Labour Productivity

Based on the GRP estimates and the Sunshine Coast employment, it should be possible to track total labour productivity. However the inherent issues in estimating GRP and the current issue with the reliability of the Labourforce Survey employment estimates, both of which were considered previously, mean that it is not considered that this approach would provide reliable and valid data at this time.

When the Labourforce Survey employment data is revised, the labour productivity issue should be revisited.

## 8.3 Productivity of Fixed Capital Investment

### 8.3.1    Airport

The Sunshine Coast Airport is a potential significant economic strength and should become more important as an economic driver of tourism, economic development and engagement with a wider world. At a time when Australian air traffic is growing strongly, the performance of the Sunshine Coast Airport has been relatively stable.

**Table 22 Sunshine Coast Airport Traffic Statistics**

|         | Total Passengers |
|---------|------------------|
| 2005-06 | 786,168          |
| 2006-07 | 880,822          |
| 2007-08 | 919,393          |
| 2008-09 | 916,845          |
| 2009-10 | 812,406          |
| 2010-11 | 914,175          |
| 2011-12 | 791,109          |

Source: Airport Traffic Statistics. Department of Transport

Monthly tracking of passenger traffic over the past 3 years shows clear seasonal trends, but the trend line is down.

### 8.3.2    Tourist Infrastructure

Tourism is by far the most important export-generating sector in the Sunshine Coast. However it is an industry that is growing only very slowly as indicated by the trend lines in domestic and international visitors in the charts below.

Tourist accommodation occupancy trends follow broadly similar curves, and the analysis of employment by industry in section 7.1, also showed that those industries with high involvement in the tourist sector were slowly growing.
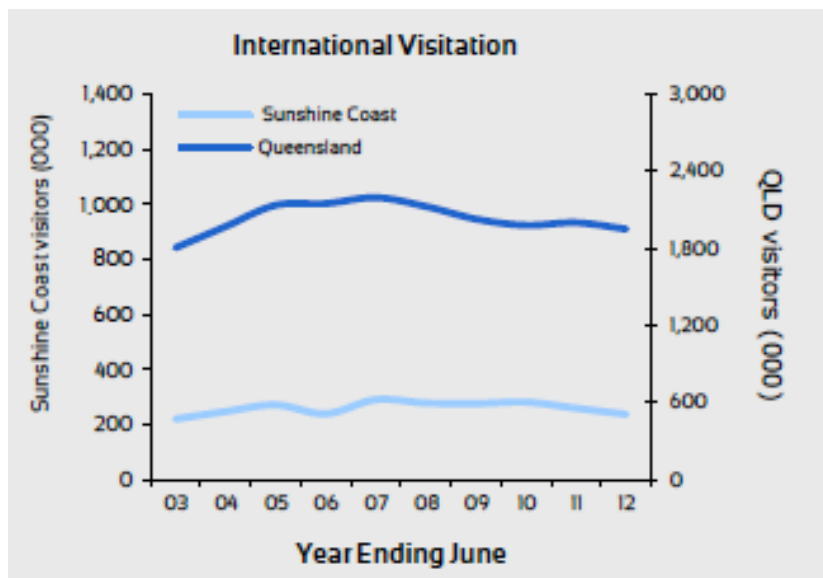
It is beyond the scope of this report to assess the details of the tourism sector, but without a strong tourism sector generating new "export" income, the Sunshine Coast economy will struggle.

**Chart 12     Domestic Visitors 2003/2012**
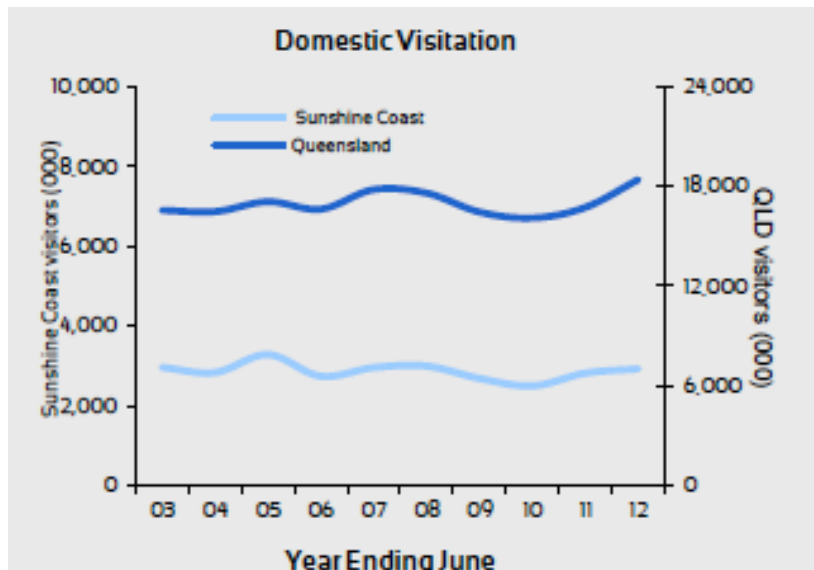


Source: Sunshine Coast Regional Snapshot. Tourism Queensland

**Chart 13     International Visitors 2003/2012**



Source: Sunshine Coast Regional Snapshot. Tourism Queensland

It is notable that the Sunshine Coast visitation numbers are growing more slowly than those for Queensland as a whole, and that visitors from Brisbane and regional Queensland, the vast majority coming by road, are extremely important for the Sunshine Coast industry. Accordingly improvements to the Bruce Highway should be an urgent priority and in the longer term the implementation of redevelopment of the Airport.

It is also notable that while international visitors from Asia accounted for 43% of all visitors to Australia in 2010/11 and 2011/12, and exceeded 50% in one recent month, the Sunshine Coast attracts a relatively small share of this rapidly growing market.

## 8.4 Other Labour Productivity Measures

The issues of getting more output from the existing labour inputs have been addressed elsewhere in the Data Book in terms of:

- Ensuring jobs are available for those that want to work, (reduced unemployment and increased employment participation);

- Increasing the proportion of the population that is working;

- Substituting full time for part time work, and

- Working smarter, reflected in the skills and qualifications.

# 9       Other Indicators

## 9.1 State Government Employment

Net expenditure by Governments increase GRP through building, subsidies and other support and wages. In relation to employment, the pattern that existed in 2006 with the Sunshine Coast having the second lowest proportion of its employment comprising State Government employment among major regions continued to 2011, again well below the Queensland average.

**Table 23 Employers in Major Regions 2011 Census**

|                     | Common wealth | State | Local | Private | Not Stated | Total  |
|---------------------|---------------|-------|-------|---------|------------|--------|
| Townsville (C)      | 10.0%         | 14.6% | 1.8%  | 73.6%   | 0.0%       | 100.0% |
| Ipswich (C)         | 6.1%          | 13.7% | 2.3%  | 77.8%   | 0.1%       | 100.0% |
| Cairns (R)          | 3.7%          | 13.1% | 1.9%  | 81.2%   | 0.0%       | 100.0% |
| Queensland          | 3.3%          | 11.5% | 1.7%  | 83.5%   | 0.1%       | 100.0% |
| Moreton Bay (R)     | 0.9%          | 11.2% | 1.5%  | 86.4%   | 0.1%       | 100.0% |
| Logan (C)           | 1.7%          | 11.0% | 1.8%  | 85.4%   | 0.1%       | 100.0% |
| Sunshine Coast (R)  | 1.7%          | 9.6%  | 1.7%  | 87.0%   | 0.1%       | 100.0% |
| Gold Coast (C)      | 1.8%          | 7.2%  | 1.4%  | 89.6%   | 0.0%       | 100.0% |

Source. ABS Census. Working Population Community Profile, which counts the workers working in an area.

Only 13% of the Sunshine Coast employment is government (Commonwealth, State or local) compared with over 25% for Townsville and over 22% for Ipswich.

Government employment tends to provide more full time employment, better paid employment and more stable employment, benefits that the Sunshine Coast is missing. The flow-on impacts of having less than average employment to total income for the region was reported on in the previous Data Book in respect of the 2006 Census and those negative impacts continue.

The other side of this coin is that the Sunshine Coast relies much more than other major regions on the private sector to create employment. The SCRC economic development and planning policies need to clearly recognise this increased dependence, and adopt strategies and land uses that will facilitate not retard private sector investment and employment creation.

It is clear that employment drives GRP per capita and the private sector drives jobs to a much greater degree in the Sunshine Coast than in most other major Queensland regions.

## 9.2 Non Residential Building

The *State of the Regions* Report noted the extremely high positive correlation between investment in non-residential building construction and GRP per capita. This issue was discussed in section 5.4 and the high positive correlation is likely to be caused by the fact that non-residential construction creates jobs in the construction process, and also creates places for people to work.

In the past few years there has been a reduction in total non-residential construction in the Sunshine Coast. Details are in the chart below. The blue line shows the value of real non-residential building approvals and the dark line the regression trend.

**Chart 14 Sunshine Coast Real Non Residential Construction 2005/06 to 2011/12 ($000)**
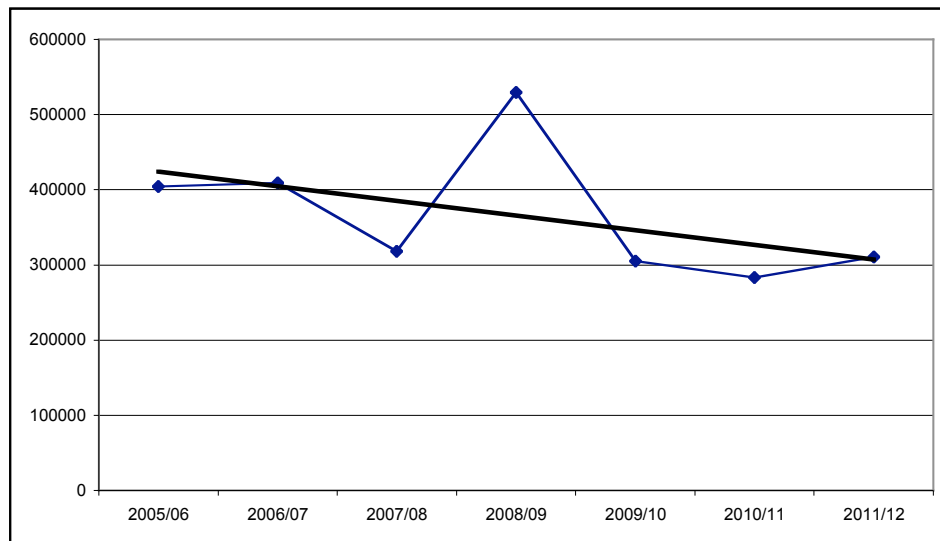


Source ABS Building Approvals. Converted to real terms using Reserve Bank Construction Price Index. Table G03. Actual is blue line. Trend line is black.

As employment directly drives GRP per capita, and non residential construction is highly positively correlated with GRP per capita (or other similar measures), both these factors should be the focus of policy attention by the SCBC and need to be reflected in economic development and planning policies prepared by the SCRC.

The decline in non-residential construction was compounded by the dramatic fall in the real value of work undertaken on residential buildings from a peak of 1,245 million in 2007/08 to less than half that at 556 million in 2011/12.[11]

# 10    Validation of the SCBC Propositions

The purpose of this section is to test the SCBC propositions or objectives for the Sunshine Coast economy as outlined in its Program.

The assessments are based on the research, which is provided in this Report. The following table provides the SCBC's Propositions, the summary assessment and recommendations.

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[11]        ABS Building Approvals. Cat 8731.

**Table 24 Assessment of SCBC Propositions**

| Proposition | Assessment |
|---|---|
| **1a GRP Per Capita**<br>The SCBC proposed that:<br>a. Sunshine Coast being in<br>(measured by GRP per capita.)<br>i. Top 3 Queensland Regions<br>ii. Top 5 Australian Regions | • GRP per capita is a useful catch-all indicator but it is an indirect number.<br>• The concept of GRP per capita used for ranking, rather than absolute values, is useful, but should be supplemented by other direct measures, particularly those concerning employment, unemployment, participation, wages and salaries and part/full time work.<br>**Recommendation**<br>1. Use the GDP per capita, (while recognising its limitations) for ranking, augmented by a range of other direct economic measures with an emphasis on employment and income.<br>2. Use stretch targets.<br>3. Aim for top 2 Queensland region by 2031.<br>4. Aim for a top four ranking region for Australia, but note that data issues make this comparison difficult. |

| **1b Industry Focus**<br><br>The SCBC proposed:<br>b. Sunshine Coast focused on '4 Pillars' jobs/investment including:<br>i. Health Services<br>ii. Education Services<br>iii. Added Value Services (Professional Services; Food Processing)<br>iv. Tourism Services | • The industries are confirmed with the proviso of scale, resources and ability to focus limited SCBC resources on the most effective targets.<br><br>• SCBC should help build the "export" component of the industries, that is, the part that will not just respond naturally to increased local demand.<br><br>• SCBC to focus on those industries or intersect points between industries where maximum leverage and benefits can be delivered to generate most community well-being.<br><br>**Recommendation**<br><br>5. SCBC focus on particular areas or sub parts of industries that can link the industry sectors and the transformative projects previously identified by the SCBC.<br><br>6. Focus on the component of the sectors that generate exports (regional, interstate and overseas), create net new jobs and thus generate employment based migration to the Sunshine Coast. |
|---|---|

| **2. Employment Targets for 2031 based on:**<br><br>a. Total Participation Rate (50%)<br>b. Resultant workforce increase to 254,000 workers<br>c. Target GRP per capita >$70,000 per capita | • Targets are desirable and stretch targets more so, but the target measures need to be refined.<br><br>• Labourforce participation needs to be augmented by employment participation and unemployment measures.<br><br>• Total hours worked and wages paid are very good indicators of direct economic impact.<br><br>• Per capita GRP as a long-term stretch goal objective is useful, but needs to be refined.<br><br>**Recommendation**<br><br>7. Total participation should be |
|---|---|

| | |
|---|---|
| | complemented by other measures that better capture the impact on the economy, such as-<br>• Labourforce as a percent of the population 15 years +,<br>• Age specific participation rates,<br>• Employment participation,<br>• Unemployment rate,<br>• Wages and Salaries, and<br>• Hours worked. |
| | 8. Refine the per capita GRP target to express in real terms, and recalibrate after the forthcoming Queensland Treasury experimental GRP estimates are produced. |
| | 9. Augment per capita GRP with other direct input components as recommended in Recommendation 7 above. |
| **3 Economic Objectives**<br><br>The SCBC's economic strategies to achieve its objectives are:<br>a. Population – change age structure<br>i. Increase job opportunities for young people<br>ii. Encourage investment with jobs for 'worker' age groups<br>iii. Attract and retain economically active age groups/migrants.<br>b. Participation – increase work opportunities<br>i. Focus on engaging over 55 year olds<br>ii. Convert part time and casual jobs to full time<br>iii. Increase % government jobs (boost per capita income)<br>iv. Attract business with high work value & income<br>c. Productivity – invest in human and financial capital<br>i. Increase Tertiary Education enrolment & retention<br>ii. Focus on transformative projects/jobs/education links<br>iii. Target full time workers with job/migration incentives | • The research has reinforced each of these and the urgency of achieving them is greater as the analysis shows that with the exception of the education related objectives, the Sunshine Coast has made little economic progress from 2006 to 2011<br><br>• In a number of areas the key indicators (population growth, net migration, building approvals and unemployment) show conditions were more difficult in 2011 than in 2006.<br><br>• SCBC to show how the existing transformative projects and its gap analysis are tied to its objectives and strategies.<br><br>**Recommendation**<br><br>10. Keep the economic objectives, but more clearly show links between these objectives and the strategies, targets and transformative projects included in the other Propositions. |

| **4 Transformative Projects** | • The gaps concept is strong and demand based, showing how new projects can help fill the gap between the "do nothing" scenario and a scenario based on higher participation, more jobs and more income. |
|---|---|
| The SCBC proposes a number of transformative projects (Health Hub, Airport Precinct, Maroochydore PAC and the SC Technology Precinct and other upcoming project opportunities as a means of filling the gap between the jobs targets and likely outcomes without these and other economic development intervention strategies. | • The "do nothing" term might be better expressed as "more of the same". |
| | **Recommendation** |
| | 11. The gaps concept needs to be refined to align labour demand arising from the additional transformative projects and labour supply elements implied in the 3Ps concept. |
| | 12. Refinement should also include more clearly defining "population-serving" jobs and those that are "population generating" with SCBC focusing on those activities that generate net new investment and new jobs that will encourage migration to the Sunshine Coast. |