

A 'NEW' ECONOMY 2013 - 2031

UPDATED JUNE 2013



SUNSHINE COAST BUSINESS COUNCIL

A STEP CHANGE TO A NEW ECONOMY

This is an important time for our region. We need to create around 100,000 jobs, raise living standards and secure long term wealth and prosperity for our community to support our future population. We need a 'step' change to a new economy.

This is the third update of the SCBC Economic Directions research. In 2012/13, SCBC commissioned three separate studies:

- Update of Sunshine Coast regional data using 2011 Census data (released December 2012);
 - The Middle Class in the Asia Century: Where should the Sunshine Coast focus (released April 2013); and
 - The Sunshine Coast Investment Market Survey (released January 2013).
- the need to focus more on national and international markets and export income;
 - the demands of the emerging middle classes in the Asian markets and the potential to provide products and services to some of those markets;
 - the need to attract more domestic and international investors to the region; and
 - the need to significantly change the structure of the region's existing economy.

In addition, the Business Council, in association with other industry groups, made major research-based submissions on the Draft Sunshine Coast Planning Scheme.

The combined research contributed to the evidence base to update the SCBC Economic Directions 2013 – 2031. The research highlights:

- the fragility of the Sunshine Coast's economy;
- the need to move away from population growth-based economy to demand-led economy;

As we move to transition our economy, the industries that have prevailed and underpinned the economy in the past - such as tourism, retail and construction - will continue to be critical.

Small businesses will also remain critical to future success, highlighted by the fact that the Sunshine Coast is more dependent than other regions on private sector employment.

The new economy is about strengthening and broadening the existing base, taking advantage of new demand-led markets and new high value industries.

With **'One Vision One Voice'** the Sunshine Coast Business Council is working closely with its members, the broader business community and government to discuss, plan and challenge the future of our economy.

Our charter is to collaborate and to stimulate thought leadership. We have a responsibility in this regard. There are now successful examples of where this collaboration is happening, where government, particularly local and state government, are coming together with the business community to take our community and economy successfully into the future.

CURRENT REGIONAL ECONOMY

VALIDATING THE EVIDENCE

1. What has changed between the 2006 and 2011 Census

Based on 2006 Census data, the Sunshine Coast economy was overweight in retail, construction and tourism, and underweight in higher value industries such as education, government, health services, information technology and value-added manufacturing.

The composition of the economy had not changed in the

2011 census. In many respects it deteriorated from 2006 to 2011 and remains the same today.

The economy was also performing poorly across a number of economic indicators, including the seven (7) measures below, the main exception being increased participation at University and to a lesser extent at TAFE.

Fig. 1 shows the performance of seven (7) key economic indicators over the two census periods.

2006 CENSUS	2011 CENSUS	CHANGE
Unemployment rate of 5.8% - higher than Queensland average of 4.7%	Unemployment rate of 7.1% -higher than Queensland average of 6.1%	Increase in unemployment and has remained about 1 percentage point over Queensland average
3rd last per capita regional income in Queensland	3rd last per capita regional income in Queensland and much slower growth from 2006 to 2011	No improvement, and remains about 65% of state average
2nd last in labour force participation rates	2nd last in participation rates	Small increase to 2011, but due to increase in people looking for work. Employment participation still low and part-time work is high.
20% fewer state government jobs than Queensland average	20% fewer state government jobs than Queensland average	No relative improvement and lowest for any major region in Queensland
Rapidly growing ageing population	Rapidly growing ageing population	Slight easing in rate of increase of ageing, but overall no improvement
Lower average wages and salaries than Queensland average	Family average income 18% lower than Queensland	No improvement
Participation in further education was very low for major region	Increasing for University and TAFE, but still 17% below Queensland	Increasing, particularly for University attendance

2. The emerging Asian middle class demand and potential opportunities

The growth of the middle classes in Asian countries provides opportunities in strengthening traditionally strong sectors and also in developing new high valued industries.

Currently, the Sunshine Coast is not winning its share of the growth being experienced around Australia from Asian-based tourism and education, when compared to other regions.

Major opportunities are emerging from the high and sustained growth in Asia, the development of a significant

middle class with changing needs and the capacity to pay. The rapidly growing middle class will require higher quality food, better education, more responsive health care and wider tourism experiences, as well as better houses, infrastructure and cities.

There appear to be good prospects for the Sunshine Coast in the tourism, education, health research and preventative health/wellness sectors. In the longer term there are opportunities in other sectors such as business and professional services and niche food.

A STEP CHANGE TO A NEW ECONOMY

The business community and government have already recognised there is a need to transition our economy to underpin the Sunshine Coast's future.

We have the economic base in place to transition this economy.

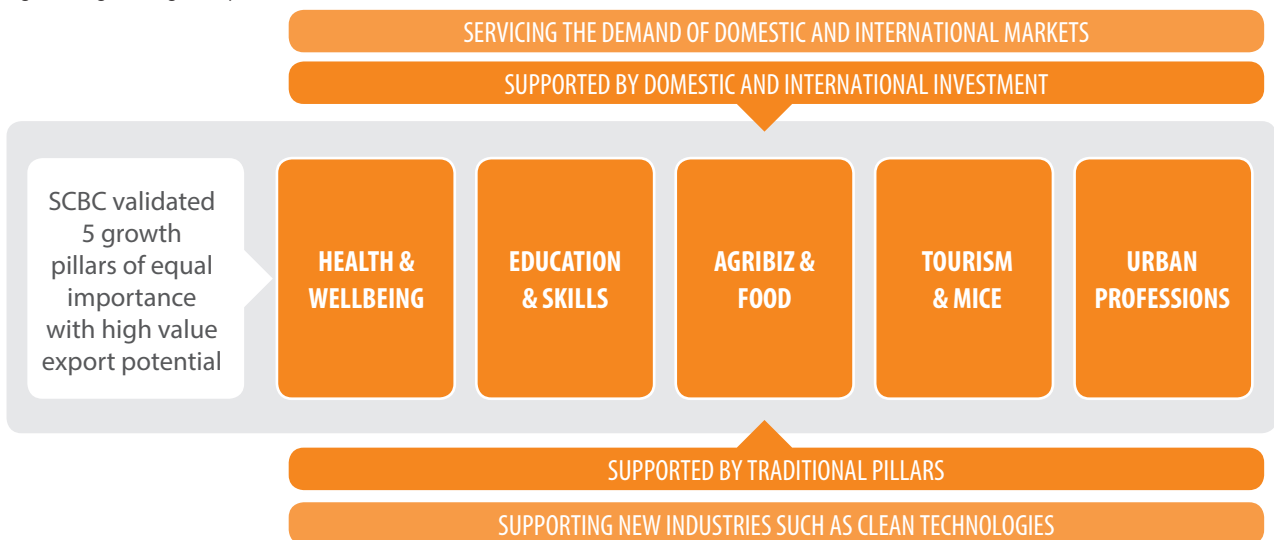
We need to move in a new direction which requires new thinking and new strategies:

- building on the existing strength of the region;
- expanding existing sectors and industries;
- improving overall business capacity and productivity;

- developing new value added industries;
- expanding export income opportunities; and
- securing 'game changing' human and financial capital investment.

To achieve SCBC's objective to be a Top 2 region within Queensland and a Top 4 region nationally by 2031, we need to move from population-growth based planning to demand-led planning. Our research has identified the five (5) primary pillars for growth that we believe have the greatest growth potential based on demand and will deliver higher value and new revenue to our economy.

Fig. 2 the high value growth pillars



Note:

- In this sense, export is any market outside of the Sunshine Coast.
- MICE = Meetings, Incentives, Conventions and Exhibitions – \$30Bn Globally in 2011-12.

These five (5) pillars offer the greatest potential to:

- increase Sunshine Coast per capita GRP by positively impacting the key economic measures;
- increase export income opportunities; and
- increase investment in human and physical capital that will increase productivity, income and wealth.

To deliver the new economy and to strengthen and develop the 5 pillars will require significant private and public investment in core infrastructure to deliver the expected growth in jobs.

1. We need to work together to attract investment to the Sunshine Coast

We need to act **NOW**. We need a solid foundation to attract investment, through:

- a unifying and compelling vision that is understood and accepted by the wider community;
- appealing marketing propositions that highlight the diversity across the Sunshine Coast;
- integration of Sunshine Coast marketing propositions within the state context;

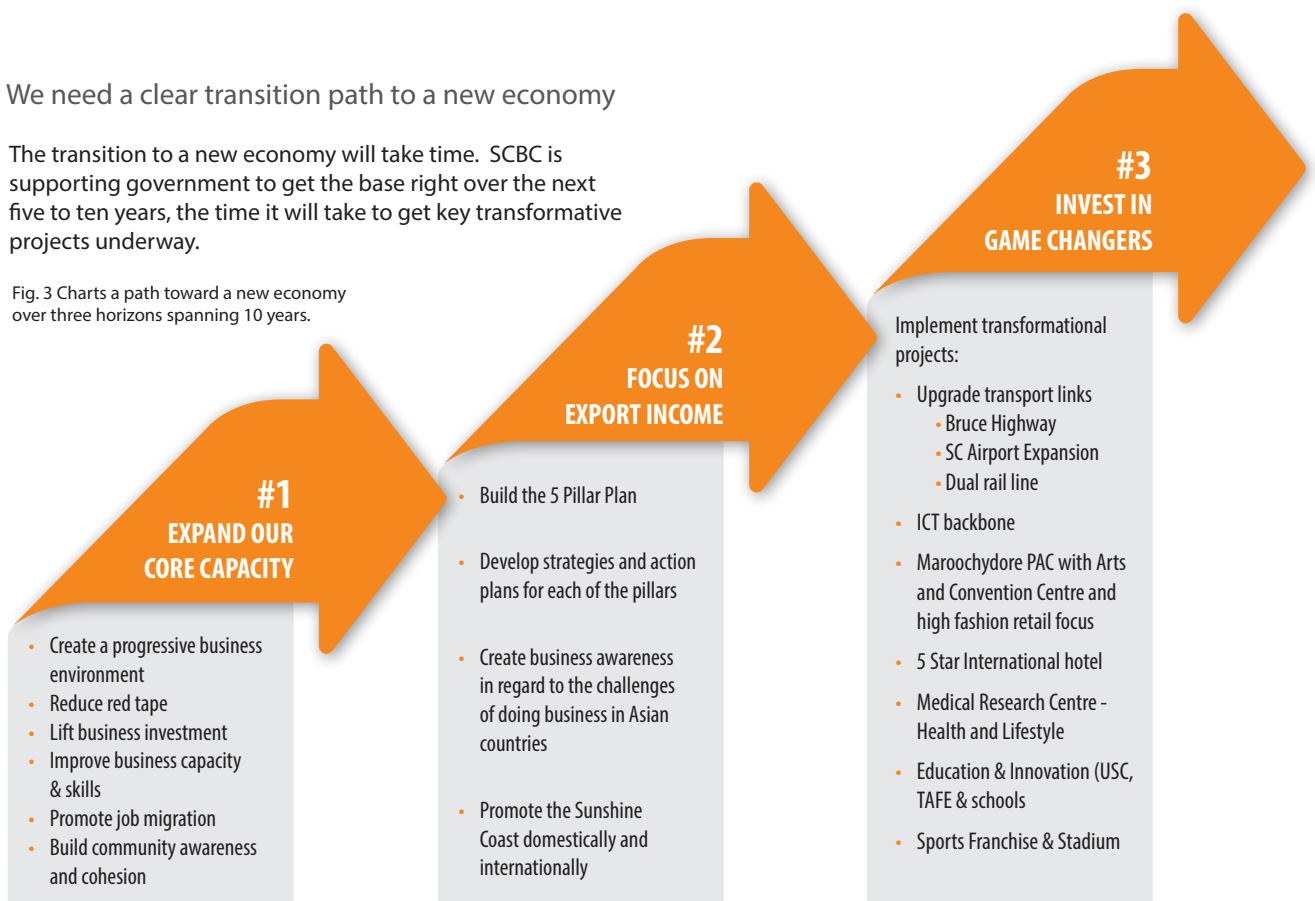
- targeted participation in trade missions;
- targeted advertising campaigns that link the tourism and business potential messages; and
- actions to address investors' concerns and expectations to attract small and large scale investment to the Sunshine Coast.

MONITORING THE SUCCESS OF THE STRATEGIES ABOVE AND MOVING QUICKLY TO ADDRESS ANY PERFORMANCE ISSUES IS THE KEY TO SUCCESS.

2. We need a clear transition path to a new economy

The transition to a new economy will take time. SCBC is supporting government to get the base right over the next five to ten years, the time it will take to get key transformative projects underway.

Fig. 3 Charts a path toward a new economy over three horizons spanning 10 years.



ACTION PLAN TO A NEW ECONOMY

Five key actions are needed to step change to a new economy.

ACTION 1

Economic development strategy

- Support the agreed regional economic development strategy and monitor and report performance.
- Build an implementation plan for each high value industry pillar with key business and institutional stakeholders focussing on the actions required to generate additional 'export income' for the region.

ACTION 2

Cut red tape

- Create and maintain a regulatory environment which enables existing business to succeed, attracts new business and innovation into the region, and supports new development through a forward thinking Regional Planning Scheme linked to the economic direction strategies.
- Create a yearly 'investment monitor' for the Sunshine Coast region to provide feedback on investor attitude, issues and progress.

ACTION 3

Build infrastructure

- Key infrastructure including the upgrade of the Bruce Highway (between Caboolture and the Sunshine Coast), the upgrade to the Sunshine Coast Airport and delivery

of an information and technology backbone for the Sunshine Coast are all critical to underpin the economic development strategies.

ACTION 4

Deliver the transformational projects

- Maximise the ripple effect from the region's identified transformational projects, specifically:
- Implement the Kawana health precinct action plan, including the appointment of a precinct project director,
- Deliver Maroochydore as the region's key economic, cultural and conferencing centre, and
- Deliver the planned Sippy Downs town centre as the region's education and innovation centre.

ACTION 5

Collaborate with business and governments

- Deliver a transparent and collaborative regional environment (between the business community, the new Sunshine Coast and Noosa councils, and state and federal governments), to work cohesively and advocate for economic and cultural change.
- Develop a coordinated action plan, as an outcome of the Asia Forum and the Sunshine Coast Council China delegation, to guide the exploration and entry into the Asian markets by Sunshine Coast businesses.

For more information please visit our web site at www.scbusinesscouncil.com.au.