What Works
Stage 2

Prepared for

Sunshine Coast Business Council

Prepared by

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1 Task Appreciation

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

What Works Stage 1 (WWS1) assessed the broad strengths and weaknesses of the Sunshine Coast economy against a number of second tier regions. This stage will provide an underpinning for the work required in Stage 2, that is to provide a solid evidence-based economic strategy for the future sustainable and more diversified Sunshine Coast economy that attracts capital, builds skills and grows total and real per capita Gross Regional Product (GRP).

This proposal articulates the WWS2 Brief, based on the Draft and the additional advice from Gwyn Jarrott and David Oliver and then proposes a response to that Brief.

In summary the requirements of the SCBC are to have an integrated research and engagement program covering the following:

Part A Provide a comparative economic analysis of the Sunshine Coast addressing the fundamental drivers of economic growth, including the preliminary identification of transformational project opportunities;

Part B Provide a framework by which the SCBC can engage with stakeholders in a series of Workshops for the further development of the key project opportunities and initiatives, and

Part C The preparation and delivery of materials by the SCBC resulting from Parts A and B.

As the SCBC has advised that it will be primarily responsible for Part C, this proposal deals with Parts A and B.

The overall approach is that the research provides the evidence-based analysis necessary for informed engagement, but this work needs to lead to the clear identification of strategies, actions and projects that will deliver investment, jobs, skills, productivity improvements, income and wealth and so deliver outcomes that are valued by the community.

The work will be guided by the SCBC’s strategic approach of:

- Establishing a strong factual and evidentiary base;
- Attracting the key and scarce factors of production including capital and skills;
- Leveraging from public projects;
- Maximising the local impacts of the ripple effects of major projects, and
- Collaboration with key stakeholders;

2 Proposed Brief

The proposed Brief is divided into three parts: Part A, concerns the underlying economic analysis; Part B the development of transformational initiatives and engagement processes and Part C is the SCBC's responsibility.

Part A Economic Analysis

Examine the macro level economic threats and opportunities for the Sunshine Coast including the:

- External environment such as the growth of wealth and capital in Asia as a possible source for long term direct investment;
- National conditions including the positioning of the Sunshine Coast in the "two speed and patchwork" as the Australian economy undergoes structural change, and
- The underlying demographic prospects for the Sunshine Coast including net migration trends and the implications for the forecast age structure on labour force participation and labour supply, particularly for the target of reaching 230,000 to 250,00 jobs by 2031.

Provide a more detailed assessment of the Sunshine Coast compared with the five regions considered in WWS1 including regional data that underpins the other regions' employment and investment strategies.

Assess the importance of the Health, Education and Tourism sectors, including the multiplier impacts of public and private investment in these industries.

Identify, in consultation with SCBC Project Board members, transformational projects to be included in the update of the SCBC Economic Development Initiatives for 2012-2016.

Brief the members of the SCBC Project Board and possibly other key stakeholders on the outcomes of the analysis and the preliminary identification of transformational opportunities.

The outcomes from this Part, will include

- A report on the challenges and opportunities, comparative positioning and strategic directions to achieve the sustainable and diversified economic base needed for the Sunshine Coast to sustain a population of 500,000 with growing real per capita GRP;
- Use of the research findings by the SCBC members at the Sunshine Coast University (SCU) 3Ps Conference in November, and accordingly the analysis undertaken in Part A will be structured to maximise the contribution of the SCBC to this Conference;
- Input into the SCBC Economic Strategy review and 2012 Action Plan and initiatives for 2012 to 2016, and
- The basis for engagement with other stakeholders on the transformational project opportunities to be examined in Part B.

Part B Initiatives and Engagement

Identify, in consultation with the SCBC and other stakeholders and sponsors, several key transformative projects including their further exploitation, unlocking potential, removing barriers, etc. so that the projects can deliver practical economic and social benefits to the Sunshine Coast economy. Such projects may include:

- Further development of the potential at the Sunshine Coast University Hospital/Health Precinct;
- Exploiting the Sunshine Coast Airport as a driver for economic activity;
- Developing the Sunshine Coast University Technology Park, and
- Developing a National Sports Franchise.

Based on the preliminary identification of the transformational projects, consult with the SCBC Project Board members and as necessary other stakeholders to confirm, modify or prioritise the projects.

Prepare brief reports on the project opportunities including the enhanced implementation pathways for consideration at Workshops.

The Workshop program component will involve:

- Plan the Workshops in consultation with the SCBC (indicatively one project Workshop each 2-3 months from early 2012);
- Engage with the key sponsor(s) for each of the major opportunities;
- Prepare for, and facilitate the, the Workshops, and
- Prepare brief reports on the Workshop outcomes.

The expected benefits for the SCBC from Part B include:

- Using the SCBC's proven workshop technique to advance discussion, engagement and action on strategic issues and key projects;
- Taking the opportunity to launch its 2012 Strategic Plan and Communications Plan based on the WWS2 outcomes, and
- Engaging with other stakeholders on evidence based research on key projects.

Part C Conversation with Business

This will be the responsibility of the SCBC and will deliver:

- A revised Communications Plan;
- Preparation of WWS2 presentations, and
- The broader engagement of the business community and potential new members during 2012

3 Project Plan Response to Brief

3.1 Part A Economic Analysis

Macro economic threats and opportunities for the Sunshine Coast

To achieve the SCBC's economic goals, the Sunshine Coast economy will need to be resilient as it plans for and adapts to major local, national and international level economic and demographic changes, that will determine the availability of key factors of production including capital and labour and hence the impact of the 3Ps (Productivity, Population and Participation) on the Sunshine Coast's economic prosperity.

This environmental scan will be broad and long term and will identify the threats or opportunities presented. Planning for a mere continuation of the past conditions is not an option for the Sunshine Coast if it is to achieve major city status with a population of 500,000 and with growing real per capita GRP.

Major factors that are likely to impact on the Sunshine Coast include:

- The rapidly changing international economic environment and particularly the rise of China as a major source of production, consumption and investment capital provides opportunities and challenges for the Sunshine Coast. The increasing middle class, demand for education and accumulation of capital may see some similarities with the impacts of direct investment from Japan in the 1970s to 1990s.
- Australian is rapidly developing the characteristics of a "two speed or patchwork economy", with the massive mining boom driven exchange rate increases having downside impacts on international tourism and manufacturing. As the mining boom impacts are expected to be long lasting but with uneven impacts on sectors and regions, the Sunshine Coast will need to be able to respond to take advantage and resilient to adapt to change.
- Changing demographic factors, particularly net migration and the age structure have had major impacts on the Sunshine Coast as they account for Population and Participation components of economic growth. Any softening of net migration would have profound impacts on the construction sector. The forecast age structure changes for the Sunshine Coast will have a major impacts on long term labourforce participation rates and hence the relationship between the workforce and the population particularly the target of some 230,000 to 250,000 jobs by the forecast 500,000 population threshold in 2031;
- The skill base of the workforce combined with capital, drive Productivity and there is clear evidence that individuals and regions with higher qualifications in the population and workforce do better, are better paid, have lower unemployment and are more resilient to economic shocks. In an increasingly open and competitive world, the human capital and skill base of the Sunshine Coast will be a major determinant of its economic prosperity.

These and other macro factors will be examined to provide a forward-looking perspective for the strategic positioning of the Sunshine Coast as it responds to these major long term but critically important factors.

Comparative regional employment and investment performance and strategies

The regions addressed in WWS1 will be assessed in more detail on the basis of comparisons of key data including total employment, part time and full time, industry of employment and key employment performance measures such as participation and unemployment. Other key comparative indicators of economic well-being, such as the level and type of qualifications of the workforce and a number of Australian Bureau of Statistics (ABS) socio economic indicators will be addressed.

Investment will be assessed in terms of public and private investment in key industry sectors and on a per capita basis.

Data sources will include Census (now dated, but useful for long term trends), the ABS Labourforce Surveys at a regional level, Centrelink data, and a range of other regional data sets. Literature reviews and phone consultations will be undertaken for the other regions to understand the economic development strategies and local responses to perceived needs.

This comparative information is necessary and will provide some useful guidance, but the solutions found in other areas are likely to reflect the economic needs and circumstances of those areas. The economic base and needs of the Sunshine Coast are different, and in this comparative assessment significant attention will be given to the structural challenges and opportunities facing the Sunshine Coast and the development of strategies that are appropriate to the local set of circumstances.

Regional capital investment in Health, Education and Tourism

These sectors are major employment growth areas. The investment trends in the selected regions will be assessed, by reference to State budgets, Departmental reports and other ABS building and construction data. Productivity Commission submissions and reports and other data will also be used.

Health and Education are largely population and age structure driven and will reflect the relative level of per capita provision, but assessments will also be undertaken of the local serving functions and the export of health and education services. Particularly for education export services, the Sunshine Coast appears to be performing below its potential and hence there are considerable growth opportunities. The Commonwealth's targets set in the Higher Education reforms should provide a significant impetus for the development of the education and training sector on the Sunshine Coast, as will the full development of opportunities arising from the Health Hub.

The concepts of population serving or population driving economic activities will underpin all aspects of the study.

Standard Tourism investment and performance measures (occupancy, beds, domestic and international visits, expenditure and capital investment) will be used to provide the comparative assessment.

Multiplier impacts on employment and capital of the large private or public investments

The 'multiplier; impacts will be assessed in two ways. The first is to apply standard tools to measure employment and gross regional product impacts of proposed investments, using either the Queensland Government regional multipliers or specific Sunshine Coast based multipliers prepared for the Sunshine Coast Regional Council (SCRC).

The second is to undertake an analysis similar to that undertaken in WWS1 in respect of the UCSF Hospital to track the likely direct and indirect business and investment outcomes of major public or private investment. The ripple flow-on impacts have been documented across a range of industries including airports, sports, and health facilities. The challenge is to get a high proportion of these “ripples” to remain in the Sunshine Coast and so benefit the local economy. There have been many cases where the “ripples” have had little local impact. These impacts will provide direct input to the project opportunities included in Part B.

Reports and Presentations

The outcomes from the above will augment the WWS1 assessment of the current status, gaps, and future directions required if the Sunshine Coast is to have a sustainable and diversified economic base befitting a city of some 500,000. The sponsors or proponents of the project opportunities will be identified, and when in agreement the project opportunities will be developed.

Presentation will be provided for the SCBC and other stakeholders as required to:

- Identify key transformational projects that respond to opportunities and address weaknesses, and
- Ensure that SCBC members are well briefed in preparation for the SCU 3Ps conference in November.

3.2 Part B Workshops

The evidence from Part A will substantiate a call for action that needs an on-the-ground response. Based on consultation with the SCBC and stakeholders, a number of projects will be identified to show how the needs and analysis provided in Part A can deliver the jobs and investment required. Using projects also provides the opportunity to translate abstract economic concepts into practical outcomes that the community can understand and value.

There will be further consultation with the SCBC and with stakeholders about the projects, but the possibilities include:

- Expanding the international education impacts of the Health/Hospital Precinct and other flow on impacts;
- Exploiting the full economic benefits of expanding the Sunshine Coast Airport (presently with 0.8 million passenger movements in 2009/10, compared with Gold Coast, 5.2m, Cairns 3.5m, and Townsville 1.5m), and using the airport as a driver of economic benefit beyond the tourism sector;
- Removing any blockages and showing a pathway to development for the SCU Technology Park, and
- Development of a national sports franchise based in the Sunshine Coast, where the region is characterized as one of the few major regions without any national AFL, Rugby League or Basketball club at a time when these franchises play a critical role in putting a region “on the map”.

Each of the agreed projects would be the subject of a SCBC sponsored Workshop where wider engagement with the business community will be sought.

The work on the projects opportunities needs to add value to the existing trajectory of the projects in terms of bringing forward projects, extending the potential in areas not yet realized or exploited, to identify and remove bottlenecks or otherwise show pathways whereby these projects can provide the flow on jobs and investment needed.

The Workshops would be planned in association with the SCBC, but it is expected that there could be 3-4 Workshops conducted in early to mid 2012. The consultant would plan and facilitate the Workshops and prepare brief reports on the outcomes. The SCBC would be responsible for the administration and costs of venue and equipment hire.

The Workshops would provide a platform for the SCBC to launch its 2012 Strategic Plan and Communication Plan.

With each opportunity, the objective would be for the SCBC to add value to achieving the full potential of the projects and maximize the local retention of the ripple effects. The outcome of this Part would be the preparation of short opportunity reports for the selected projects.

3.3 Part C Engagement

Part C is the responsibility of the SCBC, and *ad hoc* assistance to the SCBC will be provided by the consultant on an “as needs” basis.

4 Key Study Considerations

The following factors would drive the approach to the study:

- A rigorous, evidence based analysis for Part A;
- Close engagement with the project stakeholders for Parts A and B and throughout the project;
- Close and ongoing consultation with, and regular reporting to, the SCBC Project Review Board, and
- Close consultation with the SCRC Economic Development Branch, SCU, TAFE, Queensland Health and other entities with an interest in the identification of the transformational project opportunities

The approach proposed addresses each of the SCBC Strategies including evidenced based analysis, leveraging from public projects, gaining the ripple effects and collaboration. The outcome will also better position the Sunshine Coast for targeted private investment from national and international sources.

5 Relevant Skills and Experience

5.1 Skills and Experience

John Giles

John Giles has well established skills and experience in the relevant areas of:

- Economic Development and Economic Impact assessments;
- Employment and labour markets;
- Technology Industries and Technology Parks;
- Strategic and Industry Planning;
- Airports commercial planning and development;

- Education sector contributions to economic development,
- Conducting Workshops, and
- Report and submission preparation.

Economic Development and Economic Impact

John prepared the Gold Coast City Council's initial Economic Development Strategies and Diversification Strategy, which underpinned the commitment to economic development. John has prepared economic development and employment strategies for major corporations including Lend Lease, Stockland and Stockwell.

John has recently undertaken a detailed economic and labour market assessment of the Sunshine Coast in his capacity as an expert witness.

John has prepared a number of economic impact assessments for industries, for state agencies, local councils and for businesses.

Employment and Labour Markets

John's prime training was as a labour market economist. He has prepared economic development and employment strategies for major corporations and has a major interest in the drivers of the jobs of the future.

A key to many consultancy projects that John has undertaken has been the link between employment outcomes, skill levels and education levels. For example he has undertaken a number of labour force skills audits in specific high skilled employment categories; has worked for Higher Education Institutions to identify community and workforce education requirements and appropriate locations of campuses to meet the needs of the institution and the community in the delivery of this education and has undertaken consultancies to help promote and market changes to educational institutions and their programs. He has a particular professional interest in the contribution that a skilled workforce can make to regional economic development.

Industry, Strategic and Business Planning

John has undertaken major industry and business strategic plans for a range of industries including film and television production, telecommunications and international education. John has undertaken feasibilities for many projects including several for incubator/technology and business parks.

Strategic and industry plans have been prepared for:

- Gold Coast City Council;
- State Department of Education and Training (TAFE sector);
- Pacific Film and Television Commission;
- A number of Industry associations (environmental, film, multimedia, ICT), and
- Many individual businesses.

Tertiary Education Sector

John has worked with the Higher Education Sector over more than 20 years. John worked at Bond University in the development of the Research Park and has conducted consulting projects for Bond and Griffith Universities.

John has also lectured at Bond University and was the Chair of the Gold Coast TAFE Council/Board for many years.

Airports economic planning

John has undertaken major projects concerning the development and economic impact of the Brisbane and Gold Coast Airports and has an interest in Airports as drivers of economic activity.

Community and public policy marketing

John has developed marketing plans for a number of organisations and been involved in a number of projects where the objective was to change community attitudes or those of community leaders.

Reports and Submissions

John has prepared numerous policy reports and submissions to Federal, state and regulatory bodies for state agencies, councils and other industry associations including to:

- Federal Parliament Inquiries,
- State Parliament Inquiries,
- Commonwealth and State Grants Commission,
- The Productivity Commission, and
- The ACCC for an industry organisation.

Attachment 1 John Giles' CV provides more detail on John's background.

Andrea Harris

The human capital formation and skills and qualifications areas of this consultancy are important and may give also rise to project opportunities. John will access the specific skills in the higher education, training and TAFE sector that Andrea Harris can provide. This will build on Andrea's:

- Extensive experience in the education sector;
- Research experience at Monash and Bond Universities;
- Teaching experience at Bond University, and
- Practical experience as an *Institute Director* and *Director Education and Training* at major TAFE institutions as well as *Director of the Office of TAFE Queensland*, and
- Recent consultancies in the education and training area.

Andrea's most recent consultancy work has been on two projects for UQ College, and with John Giles on the development of the Gold Coast City Council TechGC Strategic Plan for the Science, Technology, Engineering and Maths sectors and the Gold Coast Higher Aspirations Education Plan.

6 Study timing, Fees and Administration

6.1 Study time frame

Part A

- Complete analysis by end October 2011.
- Briefing to SCBC members, first week November in time for participation at the SCU 3Ps Conference.

Part B

- Timing is indicative, but allow 3-4 Workshops held at 2-3 month intervals from early 2012.

John Giles is ready to start once approval is given and is available for the duration of the project with the exception of 2 weeks in late September. Research work will continue during this 2-week period and John will be accessible on mobile phone and email.

6.2 Professional fees and expenses

Giles Consulting International is pleased to provide an all-inclusive fixed fee offer to complete the Study comprising:

Part A

- $8,000, excluding GST.

Part B

- $3,000, excluding GST, per Workshop for planning, preparation, facilitation and write up. Note this fee excludes venue and equipment costs.

The proposed payment schedule is:

Part A

- On engagement 30%
- Completion of analysis 40%
- On completion of Part A 30%

Part B

- Completion of each workshop 100%

6.3 Contracting

Giles Consulting International Pty Ltd will be the contracting party and John Giles will be the Project Manager.

Company details are:

Full business name	Giles Consulting International Pty Ltd
Address	16 Binnowee Way, Pimpama, 4209
ACN	059 854 607
ABN	54 059 854 607

Giles Consulting International has professional indemnity and public liability insurance.

6.4 Referees

John Giles has undertaken major work for:

- Peter Lightbody, Stockland Sunshine Coast, and
- Mark Stockwell, Stockwell Developments

Other referees can be provided if required.

Rod Arthur CEO of UQ College will be able to provide an assessment of Andrea Harris' work particularly with respect to two recent consultancy projects for UQ College.

Attachment 1 – Curriculum Vitae – John Giles