

Redland City Council

Draft Economic Development Strategy 2014-2041

Research Compendium

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Redland City Council Draft Economic Development Strategy 2014-2041
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1. Introduction

The draft research compendium has been compiled to read as an adjunct to draft *Redland City Economic Development Strategy 2014-2041*. The compendium provides an overview of key economic statistics for the Redland City economy, with forecast future trends both locally and nationally. Comparisons are made with the broader Queensland economy, as benchmark for analysis.

The research compendium for the Economic Development Strategy provides an overview of reports and data used as sources of background information and evidence in the development of the *Redland City Economic Development Strategy 2014-2041*. The findings from the research have informed the outline of the current status of the Redland City economy and also the future economic direction that the city will need to take, in order to continue to deliver sustained economic and employment growth.

The compendium is not an exhaustive list of all available information on the Redland City economy in the development of the Economic Development Strategy. The reference list at the end of the Compendium provides a list of the documents that have been sourced in the development of the Redland City Economic Strategy 2014-2041.

1.1 Draft Redland City Economic Development Plan 2014-2041 research compendium executive summary

The research compendium has been designed to use in conjunction with the Redland City Economic Development Strategy 2014-2041. The compendium has been compiled from a variety of sources, in order to generate a comprehensive overview of the Redland City economy.

The research compendium provides an overview of the data, trends, challenges and opportunities facing the city's economy historically and over the next 27 years. The findings from this research have been used to inform the key findings for the Draft Redland City Economic Development Strategy and as such form the basis for the future economic direction for the city.

The research process for this compendium adopted a pragmatist approach. The central principal to pragmatism is the understanding that a mixed methodology approach using both qualitative and quantitative methods is appropriate within a single study (Tashakkorri and Teddlie, 1998). This style of research can often yield the best results as the research method can be altered to suit the changing nature of the research (Saunders, 2009). In addition, the philosophical positions adopted in the compendium do not prescribe to one particular ontological, epistemological or axiological stance, but instead use a variety of these throughout the work (Saunders, 2009).

The following methods were used as part of the research process for this compendium: literature review, desktop analysis, quantitative analysis and currently qualitative input from a consultation process that involves both community and business input. A multiple methods approach using both qualitative and quantitative data techniques and analysis measures has gained increased acceptance as a method of research and is used increasingly for its ability to generate unanticipated outcomes. The method is useful for this compendium as it allows different methods to be used for different purposes of the research which is important in the development of a wide ranging strategy for the city (Tashakkorri and Teddlie, 2003).

The research used in the compendium has been drawn from a wide range of sources including but not limited to the Australian Bureau of Statistics, Australian Workforce and Productivity Agency, CSIRO, The Productivity Commission, the Department of Education, the Department of Employment, Queensland Treasury and Trade, the Department of State Development, Infrastructure and Planning, Deloitte, Urbis and SiS Consulting. In addition, Redland City Council working through the Council of Mayors South East Queensland (COMSEQ) has engaged the National Institute for Economic and Industry Research (NIEIR) to undertake small area labour forecasts (SLA1) for the city to 2041. This data is currently not yet available for public review, however it will be made available as part of this research compendium (in a condensed reader friendly format) once finalised. In addition, Queensland Treasury and Trade have undertaken Local Government Area employment forecasts for South East Queensland to 2041 that will also be made available once finalised.

The Research compendium is by no means a complete overview of all the available research on the city's economy, however it has relied on a wide variety of sources to assist in generating a broad based analysis of the city's past, present and future economic trends. The compendium will be updated on an ongoing basis as new data and information are made available.

The draft economic development strategy can be accessed online at <http://yoursayredland.engagementhq.com/draft-economic-development-strategy1>

Key findings

Population & GRP

The city is located in close proximity to the Brisbane CBD, Brisbane Airport and the Port of Brisbane, with major connectivity economically, socially and geographically to the Brisbane metropolitan area. The city has experienced strong population growth up to 2009; however growth has slowed considerably since that time, with the resultant impact on demand related industry sectors in the city. Population projections for the city out to 2031 show that growth will trend below the state average over the period, necessitating economic growth strategies that rely on value-add industries and continued diversification of the local economy. Employment growth and

GDP over the period to 2012 show decline in some traditionally strong industry sectors in the city, with corresponding growth in potential wealth generating sectors, however as the data shows many of these industries are coming from a small base and may take time to generate substantial employment and value-add growth for the economy.

Industry & Employment Sectors

The findings from the research demonstrate that the Redland City economy is dominated by 9 key industry sectors that account for 75% of the city's total output and GRP. These nine sectors in turn are dominated by four sectors that are generating nearly half of the city's economic output and value-add. The sectors in order of GRP contribution are:

- Construction
- Retail
- Manufacturing
- Healthcare and Social Assistance
- Wholesale Trade
- Education and Training
- Professional, Scientific and Technical Services
- Financial and Insurance Services
- Transport, Postal and Warehousing

In terms of employment, the research found that 75% of employment in the city is generated by 8 sectors of the economy. These sectors in order of employment totals are:

- Healthcare and Social Assistance
- Retail Trade
- Construction
- Education and Training
- Accommodation and Food Services
- Manufacturing
- Professional, Scientific and Technical Services
- Other Services

The findings indicate that economic activity in the city is driven by a few sectors of the economy, three of which (Construction, Retail Trade and Accommodation and Food Services) are largely demand driven and subject to factors such as interest rate movements, consumer and investor sentiment, unemployment and hence subject to fluctuations depending on the business cycle. It is important for the city to continue to pursue a diversified economy in order to avoid over-reliance on industries that are solely demand driven.

UQ's Growing Business in the Redlands Survey

The Growing Business in the Redlands Survey has highlighted some clear challenges for local businesses both internal and external, which could impact Council's desire to see local businesses grow and contribute to the economic development of the City.

The demographics of the local business sector pose some significant challenges in terms of growth aspirations. The average age of the businesses surveyed, the apparent lack of new entrants into the economy, coupled with an apparent lack of business planning and strategies to deal with reduced demand and increased competition will all impact business growth.

A reduction in red tape which will lead to a reduction in the cost of compliance is one lever that Council can utilize to assist local businesses. Ensuring that the planning scheme facilitates the development of commercial and office space is another way Council can facilitate growth.

Open and clear lines of communication between Council and the local business community are crucial. The survey highlighted the need for Council to be aware of the firms thinking about exiting the City with sufficient time to initiate any actions that may encourage these businesses to stay.

Council's new Economic Development Strategy 2014-2041 recognises the need to establish good communication through the development strong partnerships with the local business community. One of the key initiatives of the strategy is the formation of an Economic Development Advisory Committee which will be the main vehicle for communication between Council and the City's business community.

Overall the UQ survey confirmed that Council is limited in the influence it can have on local business growth. However, the levers that it does have at its disposal should be used to encourage growth in existing businesses and the attraction of new businesses to the city.

Reviews of existing strategies and policies

As outlined in Section 5.0 each of the strategy & policy documents reviewed by the consultants had a number of gaps which has made or will make their implementation difficult. The reviews made a number of recommendations on how to address these gaps and in particular recommendations on processes and structures to ensure that the new Economic Development Strategy can be implemented successfully, and its progress tracked, measured and reported.

2. Overview of Redland City economy

2.1 Location

Redland City is located in the south eastern bayside suburbs of Brisbane, alongside Moreton bay and forms part of the South east Queensland conurbation. The city is characterised by urban neighbourhoods and pockets of rural areas, bushland, and bayside living. The city contains a diverse range of islands and mainland townships that border the Brisbane metropolitan region. The Islands include North Stradbroke, Coochiemudlo, Macleay, Russel, Lamb, Peel and Karragarra. The mainland townships include Alexandra Hills, Birkdale, Capalaba, Cleveland, Ormiston, Mt Cotton, Redland Bay, Thorneside, Thornlands, Victoria Point and Wellington Point.

The city itself covers an area of 537km² and is located approximately 29 kilometres from the Brisbane CBD. The city is ideally positioned on the doorstep of Asia and the Pacific Rim, with access to major transport corridors in South east Queensland and located just 28 kilometres from Brisbane Airport and 25 kilometres from the Port of Brisbane.

There are two Principal Activity centres in the city, namely Cleveland and Capalaba, with Victoria Point consolidating its role since the last census as a Major Activity hub for the southern portion of the city, with 26% growth in employment (Urbis, 2013)

The city has enjoyed sustained business growth across a number of sectors since the 2008 strategy, most notably however in Professional, Scientific and Technical Services, Financial and Insurance Services, Health Care and Social Assistance, Electricity, Gas, Water and Waste Services.

The city's businesses are mostly comprised of small enterprises, with 96.4% of businesses in the city employing less than 20 people (Australian Bureau of Statistics, Business Counts, 2012).

2.2 Population growth - historic

The city is home to an estimated resident population of 145,507 people in 2012, up from 136,771 since the release of the last Economic Development Strategy in 2008 and up from 115,832 since 2001 (Australian Bureau of Statistics. 2012). Population growth in the city since 2001 has averaged 2.1%; however, growth has slowed considerably since 2009 with growth averaging 1.3% since that time. The city's growth rate has been trending with the state growth rates over the period, with the state also experiencing below average population growth from 2009, which has had implications for demand driven industries that are reliant on population growth such as construction and retail.

The declining population growth rate has implications for the city's economy if the trend continues as it will impact on the residential construction sector in particular as this sector is largely fuelled by population growth. In addition to

the impact on the construction sector, lower population growth will have implications for the city's retail sector, as spending in this sector is also dependent on population growth, however disposable and discretionary income will also affect spending patterns.

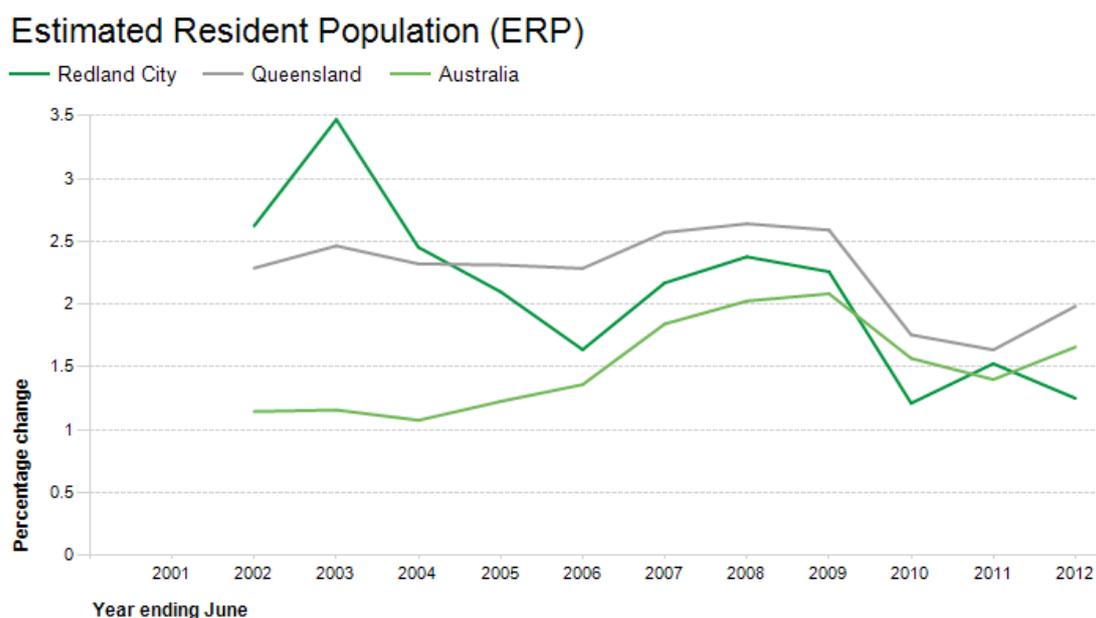
Table 1 below shows population growth in the city since 2001, with figure 1 showing a graphical representation of the change relative to Queensland and Australia over the same period.

Table 1: Annual change in Estimated Resident Population (ERP)

Year (ending June 30)	Redland City			Queensland		
	Number	Change in number	Change in percent	Number	Change in number	Change in percent
2012	145,507	+1,796	+1.25	4,565,529	+88,751	+1.98
2011	143,711	+2,159	+1.53	4,476,778	+72,034	+1.64
2010	141,552	+1,693	+1.21	4,404,744	+75,973	+1.76
2009	139,859	+3,088	+2.26	4,328,771	+109,266	+2.59
2008	136,771	+3,175	+2.38	4,219,505	+108,487	+2.64
2007	133,596	+2,836	+2.17	4,111,018	+103,026	+2.57
2006	130,760	+2,106	+1.64	4,007,992	+89,498	+2.28
2005	128,654	+2,644	+2.10	3,918,494	+88,524	+2.31
2004	126,010	+3,016	+2.45	3,829,970	+86,849	+2.32
2003	122,994	+4,124	+3.47	3,743,121	+89,998	+2.46
2002	118,870	+3,038	+2.62	3,653,123	+81,654	+2.29
2001	115,832			3,571,469		

Source: Australian Bureau of Statistics, (3218.0), 2013

Figure 1: Estimated Resident Population 2001-2012



Source: Economy .id, 2013

2.3 Population growth – projected (2031)

Population projections to 2031 for the city have an estimated resident population in 2031 of 183,152 in 2031, with the Queensland population expected to grow to 6.5 million by that time (these are mid-range population forecasts) (Urbis, 2013, Queensland Treasury and Trade, 2013). Over the 5 year intervals up to 2031, the population in Redland City is expected to average around 6%, whilst the Queensland growth is expected to be around 9% (Queensland Treasury and Trade, 2013). The city’s lower than state average population increase highlight the need for the city to continue to diversify its economic base and continue to support sectors that are high value-add and export oriented. A more diversified economic base allows an economy to more effectively balance the peaks and troughs of the business cycle.

Table 2 below provides an overview of the expected population growth in the city versus Queensland up to 2031. The population growth projections also use low and high scenarios, however in both cases the city’s population growth trend is below the state’s average with the corresponding implications for demand and population driven industries in the city.

Table 2: Population growth Redland City and Queensland 2016-2031

Population growth 2016-2031	Redland City	Queensland						
	2016	2016	2021	2021	2026	2026	2031	2031
Total	152,354	5,092,858	162,113	5,588,617	173,038	6,090,548	183,152	6,592,857

2.4 Economy

The Redland City economy's Gross Regional Product (GRP) was \$4,392m in 2012, up from \$4,352m in 2011, or 1.6%, down substantially on growth from previous years and comparative to the Queensland economy as a whole which grew by 3.1% during the same period (NIEIR, 2013). A significant shift in the city's economic growth occurred after 2008 and the Global Financial Crisis (GFC), with the subsequent decline in economic activity, that was experienced throughout the OECD (OECD, 2012). Table 3 below shows the city's GRP from 2001, highlighting the substantial economic growth pattern until 2009 and comparing it with the Queensland Gross State Product (GSP) over the period. The table demonstrates that a similar downturn was evidenced across the Queensland economy as a whole from 2009 onwards; however in 2012 the Queensland economy experienced a return to strong economic growth that has yet to trickle down to the Redland City economy.

Table 3: Gross Regional Product Redland City and Queensland

Gross Regional Product (GRP)

Year (ending June)	Redland City		Queensland		Redland City as a % of Queensland
	GRP \$m	% change from previous year	GRP \$m	% change from previous year	
2012	4,392	+1.6	265,352	+3.1	1.66
2011	4,325	+3.5	257,379	+0.9	1.68
2010	4,179	+1.8	255,100	+0.5	1.64
2009	4,105	+0.5	253,816	+1.2	1.62
2008	4,087	+3.9	250,845	+3.9	1.63
2007	3,932	+4.4	241,322	+5.7	1.63
2006	3,767	+4.8	228,217	+5.5	1.65
2005	3,595	+5.4	216,338	+7.0	1.66
2004	3,410	+4.2	202,265	+4.6	1.69
2003	3,271	+4.6	193,362	+2.6	1.69
2002	3,126	+6.2	188,382	+5.8	1.66
2001	2,943		177,974		1.65

Source: NIEIR, 2013

2.5 GRP per employee and employment growth

The GRP per employee in Redland City is listed in table 4 below highlights the contribution that some of the city's key industry sectors provide the economy. The contribution of the mining sector is high due to the export oriented nature of the industry and the higher than average salaries paid in the sector, however the number of people employed in the sector is small relative to other

sectors. The table also highlights the high GRP contribution per employee in sectors such as finance and insurance, utilities and information technology, media and telecommunications. The data underscores the need to attract workers in those industries, due to their important contribution to the city's economy and also due to the high skills associated with employment in those sectors.

Employment growth across the city has been dominated by growth in the healthcare and social assistance sector shown in table 4 below, a trend which is occurring across the state and the country (Productivity Commission, 2013). Employment growth across other sectors was less substantial with the next highest growth coming from the Professional, Scientific and Technical services sector, however it was nearly half the growth seen in healthcare and social assistance. A number of industry sectors have experienced declines in employment growth over the period 2006-2011, most notably in wholesale trade and rental, along with rental and retail service.

Table 4: GRP contribution and employment growth

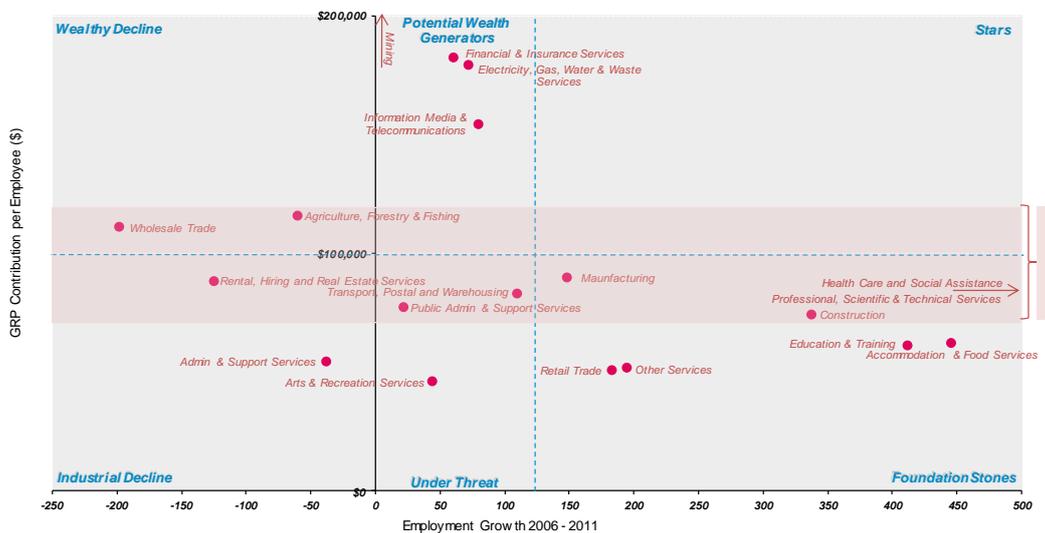
Industry	GRP Contribution Per Employee ¹	Employment Growth 2006-2011 ²
Health Care & Social Assistance	\$70,012	1,235
Professional, Scientific & Technical Services	\$67,953	565
Accommodation & Food Services	\$62,565	445
Education & Training	\$61,722	411
Construction	\$74,735	337
Other Services	\$51,959	194
Retail Trade	\$51,159	182
Manufacturing	\$90,329	148
Transport, Postal and Warehousing	\$83,497	109
Information Media & Telecommunications	\$154,826	79
Electricity, Gas, Water & Waste Services	\$179,511	71
Financial & Insurance Services	\$182,582	60
Arts & Recreational Services	\$46,241	43
Mining	\$588,395	31
Public Administration & Safety	\$77,805	21
Administrative & Support Services	\$54,663	-39
Agriculture, Forestry & Fishing	\$116,267	-61
Rental, Hiring & Real Estate Services	\$88,614	-126
Wholesale Trade	\$111,250	-199

Source: Urbis, 2013

Future growth in Redland City will be dependent on developing high value-added growth sectors within the local economy, as these sectors have the capacity to deliver stronger economic growth, as their input expenditure in

terms of gross revenue output is lower. Analyses undertaken by Urbis in the Redland City Centres and Employment Strategy Review, 2013 indicated that the city should pursue sectors and industries that have high value GRP per employee. In addition to this it was identified by Urbis that there are a number of sectors and industries that are anchors for the local economy, with the potential to be wealth and employment generators. These include Construction, Manufacturing, Health Care and Social Assistance, Professional, Scientific and Technical Services (Urbis, 2013). The industry opportunity matrix developed by Urbis (2013) in figure 2 below used the data from the GRP per employee and employment growth figures from 2006-2011 to provide an overview of the city's industries, highlighting the potential wealth generators for the city, the foundation stones of the local economy and the industries under threat and/or facing decline.

Figure 2: Industry Opportunity Matrix



Source: Urbis, 2013

Research conducted by Urbis (2013) found that the city's top five employment growth sectors (Health care and social assistance, Professional, Scientific and Technical Services, Accommodation and Food services, Education and Training and Construction) accounted for 85% of the city's employment growth to 2011. Growth in these sectors moving forward is not assured; however, the forecast is for the Health care and social assistance sector to become the largest employer in the city, surpassing the retail sector within the next decade. In terms of output per employee, however mining will continue to dominate due to the capital intensive nature of the industry and the productivity generating gains associated with this investment. The Financial and Insurances sector will also continue to generate large contributions to GRP per employee associated with the output that this sector generates (Productivity Commission, 2013).

Summary

The city is located in close proximity to the Brisbane CBD, Brisbane Airport and the Port of Brisbane, with major connectivity economically, socially and geographically to the Brisbane metropolitan area. The city has experienced strong population growth up to 2009; however growth has slowed considerably since that time, with the resultant impact on demand related industry sectors in the city. Population projections for the city out to 2031 show that growth will trend below the state average over the period, necessitating economic growth strategies that rely on value-add industries and continued diversification of the local economy. Employment growth and GDP over the period to 2012 show decline in some traditionally strong industry sectors in the city, with corresponding growth in potential wealth generating sectors, however as the data shows many of these industries are coming from a small base and may take time to generate substantial employment and value-add growth for the economy.

3. Industry and employment baseline

(This section is awaiting analysis from the National Institute for Economic and Industry Research. This will be published when the data is made available for public consumption.)

This section of the compendium has been compiled from data and analysis from a range of sources including the Australian Bureau of Statistics, the National Institute of Economic and Industry Research, the Australian Workforce and Productivity Agency, Department of Industry, the Productivity Commission, The Department of Employment, the Department of Education and Urbis.

The review looks at both output from industry within the city and employment using the Australia New Zealand Industry Classifications (ANZSIC) 17 divisional guidelines as developed by the Australian Bureau of Statistics and Statistics New Zealand to classify industries within the two countries (ABS, 2013).

The first section of the review will focus on total industry output within the city, using the latest data available from the ABS. The second component of the research will provide an overview of the city's employment using the ANZSIC guidelines.

3.1 Total Industry Output

Total output (sales) in the city was valued at \$7,579m in 2011/12, an increase of \$653m from 2006 (NIEIR, 2013). The sector with the largest output in the city was construction, followed by manufacturing, which combined account for approximately 37% of the city's total output (NIEIR, 2013). The next largest contribution by industry sector to total output was retail, however it accounted for only 8.5% of total output, or \$644m (NIEIR, 2013). Table 4 shows the value of total output by industry sector across the city in 2011/12, compared to 2006/07 and the size of output by sector for the Queensland economy.

Three sectors dominate output in the city, accounting for 45% of the city's total output. These sectors, Construction, Manufacturing and Retail also produce higher levels of output than the state average, highlighting their relative importance to the city, both in terms of output and employment generation. It also signifies a need for the city to pursue strategies in the future that continue to attract workers to these sectors, whilst attempting where possible to broaden the city's economic base to reduce the reliance on these sectors.

It is important to note that total output for the city will differ from GRP as it also includes inputs into an industry and may be counted multiple times, as inputs from one industry are counted as inputs into another industry (ABS, 2012).

Table 5: Total output by Industry sector Redland City

Output by industry sector							
Redland City - Constant prices	2011/12			2006/07			Change
Industry	\$m	%	Queensland %	\$m	%	Queensland %	2006/07 to 2011/12
Agriculture, Forestry and Fishing	118.5	1.6	3.7	65.9	1.0	2.6	+52.6
Mining	115.8	1.5	9.1	115.8	1.7	9.5	-0.0
Manufacturing	1187.6	15.7	13.2	1163.6	16.8	17.6	+24.0
Electricity, Gas, Water and Waste Services	80.2	1.1	2.3	83.7	1.2	2.5	-3.4
Construction	1567.3	20.7	17.2	1357.1	19.6	13.5	+210.3
Wholesale Trade	515.5	6.8	6.1	593.4	8.6	6.8	-77.9
Retail Trade	644.6	8.5	4.9	543.2	7.8	4.8	+101.4
Accommodation and Food Services	290.4	3.8	3.2	346.4	5.0	4.2	-56.0
Transport, Postal and Warehousing	378.8	5.0	7.3	368.6	5.3	6.6	+10.2
Information Media and Telecommunications	196.8	2.6	2.1	131.2	1.9	2.3	+65.6
Financial and Insurance Services	295.8	3.9	4.9	248.5	3.6	4.4	+47.4
Rental, Hiring and Real Estate Services	202.3	2.7	2.0	219.1	3.2	2.4	-16.8
Professional, Scientific and Technical Services	466.4	6.2	6.8	393.7	5.7	6.4	+72.6
Administrative and Support Services	202.0	2.7	2.1	183.2	2.6	2.3	+18.8
Public Administration and Safety	248.0	3.3	5.0	236.9	3.4	4.8	+11.1
Education and Training	333.6	4.4	2.9	279.5	4.0	2.8	+54.1
Health Care and Social Assistance	428.3	5.7	4.2	329.1	4.8	3.6	+99.3
Arts and Recreation Services	47.5	0.6	0.7	45.5	0.7	0.7	+2.0
Other Services	259.5	3.4	2.4	221.4	3.2	2.4	+38.1
Total industries	7,579	100.0	100.0	6,926	100.0	100.0	+653

Source: NIEIR, 2013

3.2 Employment baseline

The largest employer by sector in the city is the Healthcare and Social Assistance sector, closely followed by retail, which between them employ nearly 29% of the city's workforce. The next largest employer is the construction sector (11.7%), followed by Education and Training employing 9.8% of the city's workforce (ABS, 2011). Between them these four sectors employ half of the city's workforce, with all but the retail sector experiencing employment growth since 2006. The largest growth occurred in the Healthcare and Social Assistance sector, with employment growing by nearly 5% of the city's workforce since 2006 (NIEIR, 2013).

Employment growth was more subdued across other sectors of the local economy, with declining employment experienced across a number of sectors (other than retail), including Wholesale Trade, Agriculture, Forestry and Fishing, Public Administration and Safety. Overall, however the city's total employment to 2011 grew by nearly 5000 from 2006 figures (NIEIR, 2013).

Table 6: Redland City Employment total by industry

Redland City Industry	2011/12			2006/07			Change 2006/07 to 2011/12
	Number	%	Queensland%	Number	%	Queensland%	
Agriculture, Forestry and Fishing	478	1.1	3.3	564	1.4	3.6	-86
Mining	321	0.7	2.7	331	0.8	1.8	-10
Manufacturing	3,198	7.1	7.5	2,975	7.4	9.0	+223
Electricity, Gas, Water and Waste Services	266	0.6	1.4	233	0.6	1.0	+33
Construction	5,280	11.7	10.2	4,678	11.7	10.7	+603
Wholesale Trade	1,336	3.0	3.2	1,437	3.6	3.5	-100
Retail Trade	6,531	14.5	11.1	7,063	17.6	11.9	-533
Accommodation and Food Services	3,936	8.7	7.3	3,239	8.1	7.1	+697
Transport, Postal and Warehousing	1,423	3.2	5.6	1,439	3.6	5.6	-16
Information Media and Telecommunications	532	1.2	1.3	605	1.5	1.7	-74
Financial and Insurance Services	821	1.8	2.5	709	1.8	2.6	+112
Rental, Hiring and Real Estate Services	1,131	2.5	2.3	1,087	2.7	2.5	+44
Professional, Scientific and Technical Services	2,192	4.9	6.5	2,000	5.0	6.1	+192
Administrative and Support Services	1,936	4.3	3.5	1,555	3.9	3.3	+381
Public Administration and Safety	1,644	3.7	6.3	1,677	4.2	6.6	-33
Education and Training	4,424	9.8	7.6	3,438	8.6	7.5	+986
Health Care and Social Assistance	6,563	14.6	12.0	4,584	11.4	9.8	+1,979
Arts and Recreation Services	809	1.8	1.7	642	1.6	1.7	+167
Other Services	2,174	4.8	4.0	1,815	4.5	4.1	+359
Total Industries	44,996	100.0	100.0	40,073	100.0	100.0	+4,923

Source: NIEIR, 2013

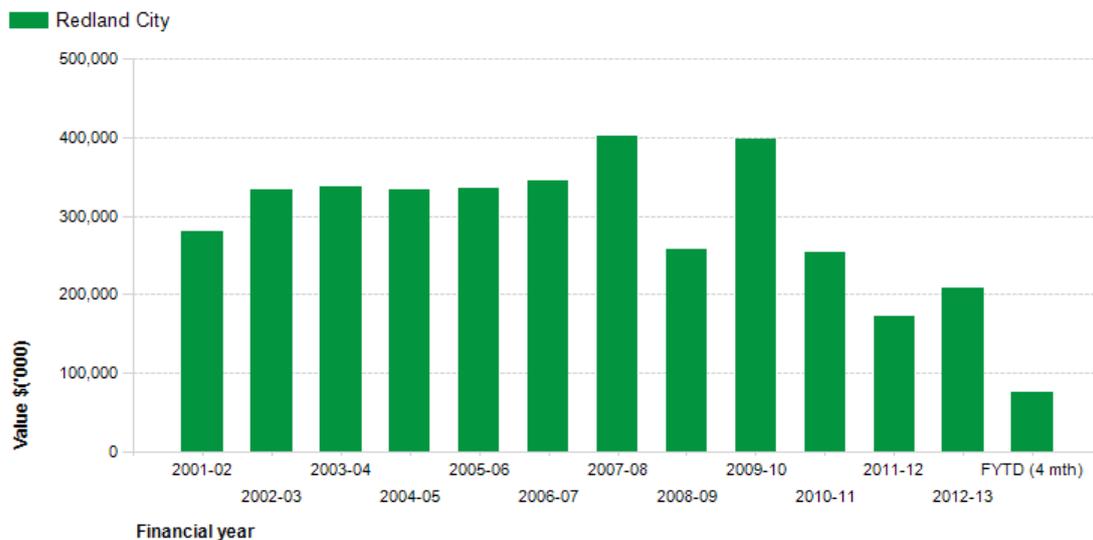
3.3 Construction

The construction sector is the city's largest by total output (sales), accounting for nearly 21% of the city's output, increasing its share of output since 2006 (NIEIR, 2013). This growth has occurred despite a downward trend in residential construction in the city as shown in figure 3 below, highlighting that the peak of residential construction in the city was in 2007/08 and 2009/10, however growth has been below trend since 2008. The residential construction sector has experienced prolonged weakness due to subdued demand associated with slower population growth, financing costs and access to finance, and reduced consumer confidence that is yet to return (Westpac, 2013). In terms of value-add (GRP contribution) the sector contracted in the

five year period to 2012, suggesting slowing productive capacity in the sector, most likely associated with the decline in construction activity (NIEIR, 2013).

As one of the four pillars of the Queensland government, the construction sector could potentially benefit from increased focus by the state on growth in the sector; however the industry is still driven by numerous factors that lie outside the scope of governments to control. Locally growth will need to be driven by investment projects, as residential construction may continue to be subdued due to lower than historical average population growth.

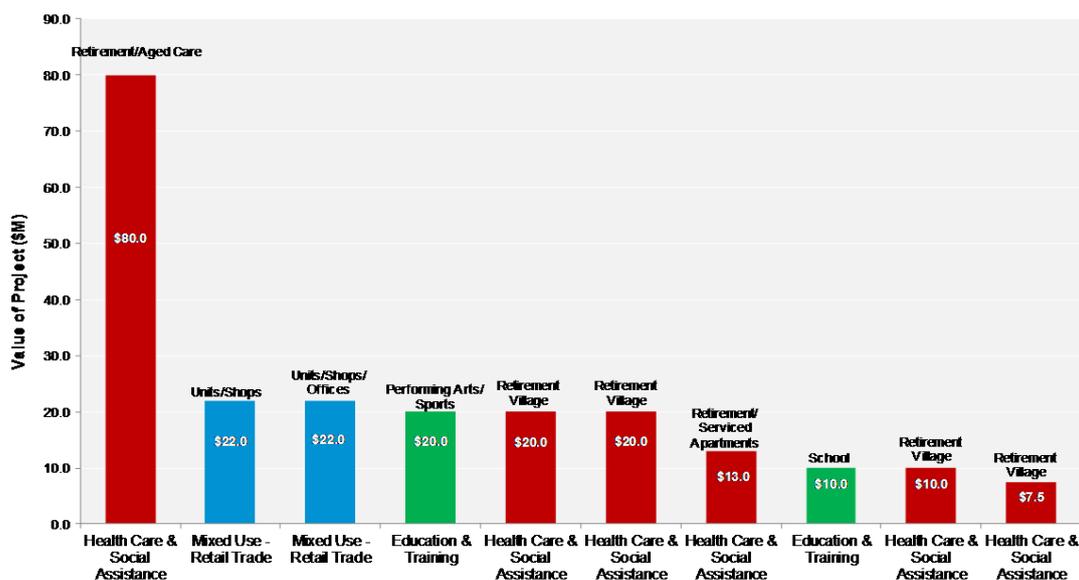
Figure 3: Value of total building approvals Redland City



Source: economy. i.d., 2013

Research conducted by Urbis in 2013 highlighted the value of construction investment projects in the city from 2009 to 2020 (projects under \$1m in value were not included). Figure 4 provides an overview of the top 10 projects within the city by value, with the highest value projects belonging to the Healthcare and Social Assistance sector and Education and Training, with the two sectors accounting for 78% of total investment spending in the city to 2020 (Urbis, 2013). Total investment in projects in the city to 2020 will be around \$400m; however this does not include any projects associated with the two PDA areas at Toondah harbour and Weinam Creek (Urbis, 2013).

Figure 4: Top ten projects by industry type Redland City – 2020



Source: Urbis, 2013

These two PDA areas could potentially lift construction activity in the city and have the potential to drive growth in the sector over the next decade, once the final development schemes are in place by June 2014. If the city is to realise the benefits of the PDA projects (in terms of investment and employment generating activities), it will be necessary for the city and the state governments to ensure that both projects are driven by market demand, rather than being influenced too heavily by policies that may impede, or restrict development. As both levels of government control large parcels of land at both PDA sites, potential exists for Public/Private partnership models to be used as a means to attract investment and stimulate development at the sites; however the state would need to take the lead in determining the optimal models for delivery of these partnerships.

3.4 Manufacturing

Manufacturing is the city's second largest industry sector by output, however, it accounts for only 7% of the city's total workforce making it the city's 6th largest employer by industry. The sectors large output and its GRP contribution per employee (as seen in table 4) underscore the importance of the sector to the city's economy, as it is a substantial contributor to the city's economic activity and a large driver of value-add to the local economy.

Despite a decline Australia wide in manufacturing, both in terms of employment (down from 11% of total employment in 2003 to 8.0% in 2013) and contribution to GDP (9.7% of GDP in 2002/03 to 7.1% of GDP in 2013), manufacturing is the country's second largest contributor to merchandise exports, outside of the mining industry, accounting for 35% of the country's merchandise exports (mining contributes 51%) (Department of Industry, 2013). Manufacturing is also the second largest contributor to business expenditure on research and development, accounting for 24.4% of the total

(Department of Industry, 2013). Table 7 below provides a breakdown of the total business expenditure spent on research and development by industry sectors in Australia, demonstrating the importance of manufacturing to R&D.

Table 7: Industry contribution to Business Expenditure on Research and Development in Australia 2011-12

Industry	Contribution to Business Expenditure on R&D, 2011-12 (%)
Services	43.0
Manufacturing	24.4
Mining	22.4
Construction	4.5
Wholesale Trade	3.9
Agriculture, forestry and fishing	1.0
Retail trade	0.8

Source: Department of Industry, 2013

In Queensland, manufacturing employment growth is expected to contract by 7% up to 2016/17, which is the largest expected decline of all ANZSIC Industry sectors over this period, making it only 1 of only two sectors expecting a decline in employment (the other sector is Arts and Recreation Services) (AI Group, 2013). No forecast employment data is provided for individual LGA's by the Australian Industry Group in their 2013 Australian States Outlook report, however Urbis forecast only a slight increase in manufacturing employment for the city to 2031, adding just 288 positions to 2031 (Urbis, 2013).

The sector has been affected by a decline in Australia's competitiveness relative to other advanced manufacturing economies, due to a range of factors, which include but are not limited to a high Australian dollar, high input costs relative to other advanced nations, and competition from imports and low productivity growth when compared to other advanced manufacturing nations (Department of Industry, 2013). In addition, Australia's geographical diversity, large number of SME's involved in the sector and poor capacity and connectivity in supply chains across the sector are all contributing factors to the industries decline, particularly in terms of employment (Prime Ministers Taskforce on Manufacturing, 2013).

The key to any growth in the manufacturing sector in this city (and in the country) is to grow its share of value-add, and grow merchandise exports part of which is achieved through productivity improvements and innovation, and upgrading skills and education of the workforce, rather than focusing on employment growth as a measure of success (Prime Ministers Taskforce on Manufacturing, 2012). The other critical factor for the long-term success of the manufacturing sector in the city (and the country) lies in strengthening the

links between the manufacturing sector and the broader services sector of the economy and working on those areas of manufacturing where we have a competitive advantage (for example food, beverage and tobacco product, along with primary metal and metal product) (Prime Ministers Taskforce on Manufacturing, 2013).

3.5 Retail Trade

The retail sector in Redland City is the third largest sector by output in the city and the second largest employer in the city after Healthcare and Social Assistance. The sector has traditionally been the city's largest employer, however a breakdown of the sector by full-time equivalent (FTE) analysis shows that the sector becomes the third largest employer after construction and healthcare and social assistance (NIEIR, 2013). The reason FTE is an important factor when determining retail employment is that traditionally the sector employs a higher than average proportion of part-time and casual employees, relative to other sectors such as construction and manufacturing (Productivity Commission, 2013).

The sector generates a large portion of the city's output relative to Queensland highlighting its relative importance to the city. It is however, a sector dependent on the broader economy and is influenced by factors such as population growth, interest rate movements and discretionary spending. The retail sector in Redland City lost 533 jobs between the 2006 and 2011 census, however there was growth in full-time employment in the sector, notably from the food and store based retailing (ABS, 2013).

The retail sector has experienced continued growth since 2011, albeit at a slow pace, however growth in the sector has been pronounced in 2013, with trend growth in October 2013 3.4% higher than in October 2012 (ABS, 2013). This upward growth trend has also been experienced by Queensland over the same period, with the state the third best performing in retail in trend growth during that time (ABS, 2013). Retail growth in the city historically follows state patterns of growth; hence any growth at a state level would be expected to be replicated in the city.

3.6 Wholesale trade

Wholesale trade has experienced a decline output, since 2006, which has been a trend experienced state and Australia wide, associated in part with a slowing in certain sectors of the economy on which wholesale trade relies (ABS, 2013). If the data on Wholesale trade is reviewed from 2001, however the sector actually experienced an increase in output, growing in real terms over that period to 2012, indicating that again the current decline is most likely cyclical (NIEIR, 2013).

Despite the sectors high output, in terms of employment, the sector has declined between 2006 and 2012 an ongoing trend in the city, indicating that employment growth in the sector may be over. This is in line with findings from Urbis in 2013, which concluded that the sector would face continued decline in employment out to 2031 (Urbis, 2013). The disparity between a decline in

employment and growth in output can most likely be attributed to improvements in productivity in the sector; however this is not readily supported by any evidence-based data for the sector in the city.

3.7 Professional, Scientific and Technical Services

This sector is the fourth highest in terms of output for the Redland City economy, experiencing substantial growth in output from 2006 of over 76% (NIEIR, 2013). The high output from the sector comes from a relatively low employment base, with the sector employing just 4.9% of the workforce in the city, ranking it amongst the lowest employing sectors in the city. The sector has high output per worker and is characterised by a well educated and highly paid workforce (Boedker, 2011).

This is part of the broader services sector in Australia, which employs 4 out of 5 Australians and accounts for 70% of the Country's GDP (DFAT, 2013). In addition to this, the Professional, Scientific and Technical Services Sector form part of the Country's largest 5 services export sectors (DFAT, 2013). The city needs to continue to nurture this sector, not so much for employment generation, rather the contribution to the city's output, GRP and productivity growth, in addition to the skills that it brings to the city.

3.8 Healthcare and Social Assistance

In terms of employment this sector is now the largest in Redland City, accounting for 14.6% of employment in the city (NIEIR, 2013). The output from the sector at 428.3m in 2012 makes it the 6th largest sector by output in the city; however its output has grown by over 30% since 2006 highlighting considerable growth that has occurred in the sector over that period. The Health care and social assistance sector is the largest employing sector of the Australian economy and is forecast to remain so into the next decade (DEEWR, 2013).

Urbis (2013) identified the sector as one of the key growth sectors for employment in the city to 2031 due to demographic and structural factors (that are also impacting on the sectors growth throughout the state and country). The size of the sector in the Redlands and an ageing population provide an opportunity to grow the sector over the coming decade, however it will require ongoing investment in education and training and in service provision in those areas associated with the sector. One of the major factors that could hinder potential growth in the sector, but that is inevitable due to an ageing population and the current structure for health services delivery in this country is the cost of providing health care, particularly the use of the hospital system in Australia to deliver both acute and sub acute care to patients.

In Australia 46.3% of total health care expenditure goes towards hospitals, with the Commonwealth contributing 17.2% of this with the remainder being provided by state and local governments (Department of Health and Ageing, 2012). The portfolio of health and ageing programs expenditure as a

percentage of the Australian Government's budget in 2011/12 was 18.1%. Total health expenditure in Australia in 2009/10 represented 9.4% of GDP and growing, up from 8.7% in 2007/08 (Department of Health and Ageing, 2012). In terms of real total per capita spending on health in Australia, there has been an average increase of 3.4% over the 5 years from 2005/06 – 2010/11, with real spending per capita currently at \$5,479 (Australian Government, 2010). The costs associated with health care are expected to increase to 26% of total government spending by 2026, and associated with this, the ageing population will mean a reduction in government income from tax receipts as the proportion of the working age population declines (Australian Government, 2010).

Essentially this means structural shifts to the way healthcare is delivered in Australia, with increased decision-making responsibilities at a local hospital level and greater involvement and investment from the private sector (Australian Government, 2010). Future growth in this sector may begin to follow a European and North American approach to healthcare whereby healthcare delivery is less reliant on hospitals for sub-acute care, with hospitals focussing on the delivery of acute only care (Fisk, 2011). The delivery of sub acute care then becomes the responsibility of specialist sub acute centres that form part of a wider network of secondary care providers that consist of community care centres, diagnostic centres and wellness clinics that take pressure away from hospitals in the provision of hospital beds. The result is less demand for hospital beds and a more holistic approach to the delivery of health enabling more community based healthcare (World Health Organisation, 2011).

3.9 Transport, Postal and Warehousing

The transport, postal and warehousing accounts for 5% of the city's output, or \$378.8m (Economy id., 2013). Although the sectors percentage of output for the economy has declined (from 6.6% of total output in 2006/07), the sector has managed to increase its output since 2006 (NIEIR, 2013). The sector has been forecast to experience continued decline by Urbis in the Redland City Centres and Employment Review, 2013, mostly due to the lack of access to major transport routes within the city, compared to other locations within Southeast Queensland such as Logan and Brisbane for example. Employment in the sector in the city has also declined although by only a marginal amount.

The sector as a whole however, has experienced growth (both in employment and output) throughout the state and the country, with a forecast doubling of freight movement in Southeast Queensland alone out to 2031 (DEEWR, 2013). The forecast growth in the transport sector and associated growth in warehousing does represent a potential growth opportunity for the city, however it is dependent upon developable land that can house these types of facilities and is situated close to transport links (Birkdale is the most appropriate location) (Urbis, 2013).

3.10 Education and Training

Education and training represent 4.4% (\$333.6m) of the city's total output, which is nearly double the Queensland average for the sector and up from 4% in 2006/07 (NIEIR, 2013). The sector is one of the foundation stones of the local economy and is seen as having moderate growth potential in terms of employment for the city to 2031, notably in schools (Urbis, 2013). The sector in the Redlands is heavily biased towards primary and secondary, rather than tertiary education providers, however the Metropolitan South Institute of TAFE campus at Alexandra Hills plays an important role in the provision of vocational education in the city.

If the sector is to maintain growth, particularly given the importance of the pre-school, primary and secondary education employees to the city, that employ 72% of all workers in the sector (NIEIR, 2013), it will need to continue to attract families with children to sustain and where possible grow school student numbers.

The tertiary and adult and community education industries may provide some opportunity for growth in the sector over the coming years, however this is dependent on state and federal policy direction and there is little that local governments can do to influence outcomes (Skills Australia, 2010). In this respect strong advocacy by the city regarding State and Federal government policy direction and infrastructure investment decisions in these industries will be the most effective means of ensuring continued growth and investment (Productivity Commission, 2012).

3.11 Financial and Insurances Services

As with the state and national economy, locally the Financial and Insurances Services Sector is an important contributor to total output in the local economy, accounting for 4% of total output, which is behind the state average of 5% (NIEIR, 2013). It is in value-add, however where the industry provides the most interesting comparison, as the sectors contribution to the local economy rises to over 6%, with its value to the state economy rising to 7%, whilst nationally it accounts for nearly 12% (Australian Workforce and Productivity Agency, 2013).

Employment in the sector in Redland City is low compared to both output and value-add contribution (a trend exhibited in the sector at a state and federal level). The sector employs only 1.6% of the city's workforce, lower than the state average and has shown only marginal increases in employment since 2006, which is at odds with the industry nationally where employment growth has increased by nearly 10% since 2007 (Australian Workforce and Productivity Agency, 2013). The relatively low employment growth in the city can be attributed to the low employment base of the sector in the Redlands.

The sector's importance to the city needs to be considered not just from the output and GRP contribution, but also from the high skills base that the sector employs. Nearly 40% of workers in the sector hold a Bachelors degree or

higher, with a low proportion of part-time workers (16%) and a higher proportion of female workers (53%), however in Redland City the age profile is skewed towards the 45+ age group (55%) which is in contrast to the national figure where 29% of workers are in this age category (NIEIR, 2013)

3.12 Accommodation and Food Services

The accommodation and food sector is an important contributor to the overall economy of the city representing 8.7% of total employment in the city, an increase of just over 1% on 2006 figures (NIEIR). The majority of this growth has come from food and beverages services (94%), rather than accommodation, which has been slow to grow over the period. The total employment figure is higher than both the Australian and Queensland averages for the sector which account for approximately 7% of the total workforce respectively (Australian Workforce and Productivity Agency, 2013).

The industry's output for 2011/12 was only slightly lower than output from the education and training sector, however output had declined from 2006 accounting for 3.8% of total output, or \$290.4m (NIEIR, 2013). When using value-add figures (GRP) for the sector, the sector still accounts for 3.6% of output, however, this is then half of the value-add contribution from the education and training sector (Economy i.d., 2013).

The relatively low value add contribution can be explained by a number of factors identified by the Australian Workforce and Productivity Agency that have some implications for future employment growth in the city. These factors include:

- Over 61% of workers in the industry do not hold post-school qualifications, meaning that the sector is an entry-point for school-leavers, tertiary students and part-time workers.
- The industry sector has a high proportion of female workers (56%) and a high proportion of part-time workers (57%), compared to the industry average of 30%
- The age profile of the industry is the youngest of all industry sectors with 22% of workers aged 45+, whilst over 50% of all workers in the sector are aged below 24.
- Over 51% of the workforce is employed in small enterprises, with a further 28% employed in medium enterprises. (Australian Workforce and Productivity Agency, 2013 and NIEIR, 2013)

The sector has been one of the fastest growing in the country, with employment growth exceeding the national, state and local averages over the five year period to 2012, with the gains being experienced in the Food and Beverages Sector (Australian Workforce and Productivity Agency, 2013). Employment in the sector is forecast to grow at a steady pace to 2026 averaging 1.2% p.a., however employment in the Accommodation sector is forecast to decline (Australian Workforce and Productivity Agency, 2013).

3.13 Other Services

This sector of the local economy represents a higher proportion of total output than both the Queensland and National economies (DEEWR, 2013). The sector has been showing strong growth in output since 2006, however the industry's value-add is not as high as other sectors of the local economy, which is generally related to a lower educational attainment in the sector and high proportion of self-employed people.

As part of the broader Services sector it is one of the key employment generators for the local and state economies, with nearly 5% of employment in the city being generated by the sector (NIEIR, 2013). The sector is dominated by small businesses, mostly sole employers and many home based businesses (Urbis, 2013). Employment growth is expected to continue to be steady, locally and at a state and national level, however it is impacted by discretionary income and interest rate movements in the broader economy (Australian Workforce and Productivity Agency, 2013).

3.14 Public Administration

This sector has declined in employment in the city since 2006, a trend observed in the state over that time period, however nationally employment in the sector increased since 2006 by 12.3% (Australian Industry Group, 2013). Employment in the sector in the city and at a state level is lower than the national level where it employs 7.3% of the workforce (NIEIR, 2013).

Employment in the sector in the Redlands tends to occur in medium and large firms, a trend also observed at a state and national level (Australian Workforce and Productivity Agency, 2013). The age profile in the sector is skewed towards those 45+ (45%), with females accounting for nearly half of the workforce (Economy i.d., 2013). Those employed in the sector are well qualified, with 36% of people holding a Bachelors degree or higher and only 29% of people holding no post school qualifications (Australian Workforce and Productivity Agency, 2013).

Output from the sector was \$152.8m in 2013, which has increased over the last five years, however as a proportion of the city's total output the sector has declined marginally (NIEIR, 2013). Value-add from the industry contributes more to the city than output (by percentage value) indicating relatively high productivity from the sector (NIEIR, 2013).

3.15 Rental, Hiring and Real Estate Services

The Rental, Hiring and Real Estate Services sector declined in both total output and employment from 2006. Output in the sector declined from \$219.1m in 2006 to \$202.3 in 2012 a decline of over 8%, however this has been experienced at both a state and national level in the sector (Australian Workforce and Productivity Agency, 2013). Its contribution to the city's GRP, or value-add is on trend with the Australian average for the sector, which has been affected by low growth associated with the broader economy, due to the reliance of the industry on consumer confidence and investor sentiment (Australian Industry Group, 2013).

Employment decline has not been uniform across the sector, with most of the losses in the sector occurring in the Rental and Hiring Services sub-sector, again trend observed both at state and national level (Australian Workforce and Productivity Agency, 2012). This trend is expected to continue in the sector, with growth expected to pick up in the Property Operators and Real Estate Services sub-sector as structural changes in the sector and economy alter the nature of the sector (Westpac, 2013). Over 50% of workers in the industry are female, with 35% of workers holding post-school qualifications ranging from Certificate III/IV level, to Diploma, or Advanced Diploma (Australian Workforce and Productivity Agency, 2013).

3.16 Administrative and Support Services

This sector has experienced moderate growth to 2012, in both employment and total output, which mirrors both the state and national averages, which is expected to continue over the next five years (Australian Industry Group, 2012). The sectors output has increased by 10% to \$202m from 2006, however the increase in value-add has been around the same percentage increase, indicating lower productivity gains in the sector (Economy i.d., 2013).

Employment in the sector has grown slightly since 2006, with employment spread across small, medium and large enterprises. Over half of all employees are female, with nearly half of all employees in the sector not holding any post-school qualifications (Australian Workforce and Productivity Agency, 2013). Growth in this sector is expected to continue at a moderate pace for the next five years, however in some sub-sectors employment will decline, notably in the cleaning sub-sector (Australian Workforce and Productivity Agency, 2013).

3.17 Information, Media and Telecommunications

This sector is one of the City's smallest by total output and contribution to GRP, contributing 2.6% and 2.7% respectively (NIEIR, 2013). It is however a high productivity sector for the economy, with productivity per worker the third highest of all industry sectors in the economy. Urbis (2013), did not see the sector offering substantial growth to 2031, however its contribution to the city from the perspective of productivity per worker is substantial and this needs some consideration in the city's economic growth strategy.

The sector is a small employer for the city with only 1.3% of the workforce employed in the sector in the city. The sector both at a state and national level consists primarily of large enterprises and it is for this reason that it has been identified by Urbis as having low growth potential for the city. The workforce is generally well educated and highly skilled, with 38% of employees holding a Bachelor degree or higher and 69% of workers under the age of 45 (Australian Workforce and Productivity Agency, 2013).

The sector is expected to grow nationally to 2025 in some of the sub-sectors, notably, the Internet Publishing and Broadcasting, Motion Picture and Sound

Recording Activities, Library and Other Services (Australian Workforce and Productivity Agency, 2013). For Redland City, however, these subsectors represent marginal economic activity, however the telecommunications sub-sector expects moderate growth to 2031 (Urbis, 2013)

3.18 Agriculture, Forestry and Fishing

The Agriculture, Forestry and Fishing sector represents 1.6% of total output for the local economy and 1.3% of total employment. Output in the sector increased from 2006, mostly driven by the agriculture sub-sector, however its value-add contribution is relatively small at \$54.7m, in contrast though productivity per employee is relatively high which is readily explained by the small workforce and high output (NIEIR, 2013). Output in the sector as a proportion of the total economy is low compared to the remainder of the state and the national average (3.7% and 2.4% respectively) (Australian Workforce and Productivity Agency, 2012).

The decline in employment in the sector in the sector has been ongoing since 2006, a trend observed at state and national levels, as the sector contracts at 2% p.a. over that five year period (Australian Workforce and Productivity Agency, 2013). The vast bulk of employment activity in the sector (87%) occurs outside the capital cities, with the sector a key economic generator for regional Australia. Employment in the sector is characterised by males (70%) with 61% of workers having no post-school qualifications. It is also an aged workforce, dominated by workers 45 years + (56%) and small enterprises (86%) (Productivity Commission, 2012)

3.19 Mining

One of the smallest sectors of the local economy in terms of output and employment, the sector is however characterised by high productivity (value-add) per worker (ABS, 2013). The sector is one of the key export industries for Australia, with half of the sectors total output exported overseas each year, with exports doubling from 2006, and was one of the few sectors to show robust growth during the GFC (ABS, 2012). In Redland City, the sector represents 1.5% of total output, however it accounts for nearly 7% of the city's exports (NIEIR, 2013). It is one the state's most important industries accounting for approximately 9% of the state's total output and 11% of industry production (ABS, 2012).

The sector is not a substantial employer at local (0.9%), state (3.5%), or federal level (2%), however employees in the sector tend to be highly skilled and working full time (97%) (ABS, 2012). The majority of employees in the sector are employed by large enterprises (70%) with employment in the sector growing by 79% from 2006 (Australian Workforce and Productivity Agency, 2013). The sector, however is still facing critical skills shortages across the country that is affecting growth in the sector, but also placing pressure on other sectors as workers are enticed into the sector by higher than average salaries (Australian Industry Group, 2013).

Locally, the sector is dominated by mining on North Stradbroke and activities around the Southern Redlands, with post-mining planning for North

Stradbroke required based on a planned closure date of 2035, particularly given the economic activity the sector generates for the city (Queensland Government, 2013).

3.20 Electricity, Gas and Water and Waste Services

This sector of the city's economy is the second smallest by output (\$80.2m) and GRP (\$46.8m), or 1.1% and 1.3% respectively, which is half of what the industry contributes at a state and national level (NIEIR, 2013). The sector has contracted in both output and value-add since 2006, a trend observed both at state and national levels, however there is growth forecast in the sector to 2025 as structural changes in the sector take effect (Australian Workforce and Productivity Agency, 2013).

The sector has also only shown low employment growth in the city, which is in contrast to what has occurred in the state where employment growth has been strong (Economy i.d.). The sector is the smallest employing in the state and national economy, with employment concentrated in large businesses (67%) (DEEWR, 2013). Males dominate employment in the industry (79%) and full-time workers characterise the majority of the workforce (DEEWR, 2013). Employment growth in the sector is forecast to be strong, with above average growth forecast in the sector to 2025, due to deregulation, strengthening demand in energy intensive industries such as manufacturing and demand for alternative energy (DEEWR, 2013).

3.21 Arts and Recreation Services

The Arts and Recreation Services sector is the smallest sector of the Redland economy in terms of output and value-add (NIEIR, 2013). Output from the sector in 2012 was \$47.5m, however this increased from 2007, accounting for 0.6% of total output and GRP (NIEIR, 2013). The value-add contribution from the industry is similar to the national and state contribution for the sector (0.9% and 0.6% respectively), playing a relatively minor contribution to economic activity (Australian Workforce and Productivity Agency, 2013).

The sector is also a small employer in the city, with 1.3% of FTE in the city, with 1.5% of total employment at a state level and around 2% of the national total (NIEIR, 2013). Employment growth has been flat in the city since 2006 a trend also observed nation and state-wide, sub-sectors have shown above average growth, notably in the sport and recreation areas (DEEWR, 2013). This trend, however is expected to reverse out to 2025, with forecast above average employment growth in the sector (Australian Workforce and Productivity Agency, 2013).

Nearly half of the workforce are employed part-time, with females accounting for 47% of workers in the sector (DEEWR, 2013). Employment in the sector is dominated by small and medium enterprises, with large firms accounting for

33% of total employment (Australian Workforce and Productivity Agency, 2013).

Summary

The findings from the research demonstrate that the Redland City economy is dominated by 9 key industry sectors that account for 75% of the city's total output and GRP. These nine sectors in turn are dominated by four sectors that are generating nearly half of the city's economic output and value-add. The sectors in order of GRP contribution are:

- Construction
- Retail
- Manufacturing
- Healthcare and Social Assistance
- Wholesale Trade
- Education and Training
- Professional, Scientific and Technical Services
- Financial and Insurance Services
- Transport, Postal and Warehousing

These sectors, aside from Wholesale Trade and Construction have all increased their value-add and total output contribution to the local economy over the five year period to 2012. The sectors with the strongest value-add growth in that period have been Healthcare and Social Assistance, Retail Trade, Professional Scientific and Technical Services, Financial and Insurance Services and Education. The decline in construction's GRP has been in contrast to its growth in total output which grew, reflecting a decline in productivity in the sector to 2012.

The remaining 10 four digit ANZSIC sectors although accounting for just 25% of the city's GRP still play an important role in the economic growth of the city. This importance relates to their contribution to employment, as some of them such as Accommodation and Food Services, and Other Services are substantial employers in the city.

In terms of employment, the research found that 75% of employment in the city is generated by 8 sectors of the economy. These sectors in order of employment totals are:

- Healthcare and Social Assistance
- Retail Trade
- Construction
- Education and Training
- Accommodation and Food Services
- Manufacturing
- Professional, Scientific and Technical Services

- Other Services

The research found that employment growth has occurred across all of the above sectors with the exception of Retail Trade which has declined in line with the sector more broadly at a state and national level, most of which has been due to a contraction in consumer sentiment and spending over the period to 2012. The strongest employment growth in the city to 2012 has occurred in Healthcare and Social Assistance, a trend observed nationally, with stronger than average growth also occurring in the Education and Training Sector, Construction and the Accommodation and Food Sector (although growth in this sector has been confined to Food and Beverages sub-sector). In addition to this the city has enjoyed moderate employment growth in Administrative and Support Services, Other Services and Manufacturing.

The findings indicate that economic activity in the city is driven by a few sectors of the economy, three of which (Construction, Retail Trade and Accommodation and Food Services) are largely demand driven and subject to factors such as interest rate movements, consumer and investor sentiment, unemployment and hence subject to fluctuations depending on the business cycle. It is important for the city to continue to pursue a diversified economy in order to avoid over-reliance on industries that are solely demand driven.

4. University of Queensland Innovation survey

4.1 Productivity

Productivity measures the increase in output per employee. Growth in Australia has slowed since 2000, after growing at an annual rate of 3.3% between 1993-94 and 1998-99 (Australian Workforce and Productivity Agency, 2012). The high rate of growth in the 1990's is attributed to a number of factors, notably micro-economic reform in a number of key areas of the economy, structural adjustment across a number of industry sectors, along with technological changes that led to efficiency gains (Australian Workforce and Productivity Agency, 2013). The multi-factor productivity growth was strongest in mining, electricity, gas and water services, communication services, finance and wholesale trade. Different industries will show varying productivity growth trajectories over the business cycle, however across all Australian sectors growth in the last decade has been below that experienced in the 1990's (Australian Workforce and Productivity Agency, 2013).

Since 2000, productivity growth has slowed across all industry sectors, most notably in the mining, agriculture, construction, electricity, gas and water sectors (Productivity Commission, 2012). However, recent analysis by Treasury suggests that the recent investment by the mining industry in particular will fuel productivity growth over the next five years, due to the lag time that exists between capital investment and associated productivity growth associated with it (Productivity Commission, 2012)

World renowned author on company strategy and competitiveness, Professor Michael Porter noted that in relation to productivity:

Productivity is the prime determinant in the long run of a nation's standard of living, for it is the root cause of per capita national income. High productivity not only supports high levels of income but allows citizens the option of choosing more leisure instead of longer working hours...The capacity to be highly productive also allows a nation's firms to meet stringent social standards which improve the standard of living, such as in health and safety, equal opportunity and environmental impact (Porter, 1991).

Ensuring that companies and industry sectors have access to skilled and educated workers that suit their workforce requirements is an important determinant in ensuring that productivity gains are realised. The ability of firms to harness the skills in their workplace is also dependent on management and leadership skills capabilities in driving productivity enhancing processes. This is important, not just at the national or state level, but also at the local level, as productivity growth has strong links to economic growth and therefore employment growth.

Table 3 below provides an overview of productivity by industry across Redland City in 2011/12, with the highest productivity experienced by the Financial and Insurance Services sector at \$260,191 per worker, with strong productivity also experienced in Wholesale trade, information, media and telecommunications and mining (however the number of people employed in the sector is low and will affect data). The lowest annual productivity output per worker is found in the Arts and Recreation sector, along with Accommodation and Food Services (NIEIR, 2013). As has been the trend in Australia, productivity in Redland City has declined since 2006 and lags behind the Queensland average per worker.

Table 8: Annual productivity output per worker in Redland City

Productivity per worker (annual) by industry					
Redland City - Constant prices	2011/12		2006/07		Change
Industry	\$	Queensland	\$	Queensland	2006/07 to 2011/12
Agriculture, Forestry and Fishing	114,421	108,358	50,646	64,224	+63,775
Mining	176,329	448,766	167,289	766,012	+9,039
Manufacturing	118,743	124,770	126,552	133,380	-7,810
Electricity, Gas, Water and Waste Services	175,689	188,578	206,781	264,049	-31,092
Construction	84,508	100,998	97,022	89,803	-12,514
Wholesale Trade	190,660	199,175	187,367	193,427	+3,293
Retail Trade	58,283	55,771	45,262	51,732	+13,021
Accommodation and Food Services	32,906	43,153	42,682	54,224	-9,777
Transport, Postal and Warehousing	115,718	126,886	108,955	117,550	+6,763
Information Media and Telecommunications	183,920	175,609	105,848	137,788	+78,072
Financial and Insurance Services	260,191	305,021	249,955	265,345	+10,236
Rental, Hiring and Real Estate Services	121,568	126,122	114,330	118,533	+7,239
Professional, Scientific and Technical Services	102,221	108,285	93,737	110,863	+8,484
Administrative and Support Services	54,401	66,119	59,846	76,028	-5,445
Public Administration and Safety	92,974	101,113	84,674	92,179	+8,300
Education and Training	53,918	59,850	61,256	60,702	-7,339
Health Care and Social Assistance	55,791	63,825	58,939	65,958	-3,148
Arts and Recreation Services	25,881	40,168	27,245	34,533	-1,364
Other Services	48,022	51,759	46,604	47,942	+1,418
Total worker productivity	79,448	104,191	80,290	104,611	-842

Source: Economy, i.d., 2013

4.2 Innovation

Innovation is an important contributor to productivity growth and is not driven solely by technology advancements, but advancements in management processes, marketing methods, operational procedures and in the production of goods and services (Stanwick, 2011). Technical process and innovation are critical to productivity growth, with research undertaken by the Australian Workforce and Productivity Agency (2012) finding in 2009/10 that 35% of innovation-active businesses increased their productivity, compared to 16% of non-innovation active businesses.

The key to innovation in delivering productivity growth is that it does not have to be new rather it has to be new to the organisation. The measurement of multi-factor productivity growth and delivering economies of scale are driven through management practices and workforce improvements (Australian Workforce and Productivity Agency, 2012). Research has found that Australia is an adaptor not a developer of technology however Australian firms tend to rapidly implement productivity enhancing technology (Australian Workforce and Productivity Agency, 2012). Over the next decade to 2025, it is expected that innovation that responds to market demand incrementally, rather than technology driven rapid innovation is expected to be the main productivity driver, with research finding that incremental innovation is more important in productivity growth than rapid innovation. (Stanwick, 2011 and Keating M and Smith, C, 2011).

Australia ranks below other OECD countries in the global innovation index, coming in at 21st, below the US, Canada, the UK and New Zealand. In addition to this the amount of money spent on research and development by Australian businesses is below the OECD average, at 1.94% of GDP (these figures are based on 2009 data), with Queensland businesses amongst the lowest spending of all States and Territories on R&D (Workforce and Productivity Agency, 2012 and OECD, 2012). Large businesses (200+) employees devote more resources (human and financial) to research and development than small-medium enterprises (Productivity Commission, 2013).

In Redland City, the implications of these statistics on future innovation driven productivity growth are clear. The majority of businesses in the city (96%) fall into the small-medium category and based on the research are therefore less likely to invest in research and development, and the state's businesses are amongst the lowest spending of all jurisdictions in the country on R&D. If the city is to realise the benefits that can be gained from expenditure on research and development and productivity improving processes, businesses in the city need to ensure that they are investing (through capital and human resources) in practices that will drive productivity gains. Australian government organisations such as Enterprise Connect offer small to medium enterprises support in improving their innovation capabilities.

Investment in education and training (both formal and on the job) have been shown to be critical in delivering innovation and productivity improvements in the workplace (Productivity Commission, 2013).

Research undertaken by Stanwick (2011) and Boedker et al., (2011) found that once workers have the suitable skills and qualifications, it is necessary to ensure their skills can be utilised at work to develop and deliver innovative practices and processes. Workplace culture, leadership and organisational practices, along with the way work is organised are critical determining factors alongside the skills base (Boedker et al., 2011). Evidence suggests that growth in multi-factor productivity occurs through better management practices and organisational change (Workforce and Productivity Agency, 2012). In addition to this, employee participation in decision-making, strategy and planning, autonomous decision-making and utilising skill levels are linked with productivity and profitability (Boedker et al., 2011).

The key to driving increased innovation in the workplace in Australia is the development of advanced people management and workforce development skills in this country (Australian Workforce and Productivity Agency, 2012). In addition, research commissioned by the Department of Innovation, Industry, Science and Research found that there are quantifiable productivity and output improvements in workplaces associated with changes to management practices and processes (Green, 2009). The lack of focus in the strategic management practices has been identified as one of the key contributing factors to Australia's poor innovation standings in world rankings, comparative to our OECD counterparts (Australian Workforce and Productivity Agency, 2012).

The University of Queensland 'Growing Business in the Redlands' survey 2014 was undertaken to analyse the extent to which businesses in the city are using innovative practices to underpin their growth and increase value add to the city's economy. The survey is a first for Redland City and follows on from similar surveys conducted at a State level by the University of Queensland and the Brisbane City Council's innovation scorecard currently in its fourth year in the city that is being used by the city as a benchmarking tool to measure how businesses are performing in terms of innovation, productivity and growth in terms of the city's overall economic performance.

4.3 UQ Growing business in the Redlands Survey aims and methodology

The proposed research aim was to investigate the business practices, such as innovation, that underpins the growth of Redlands firms across industries and firm demographical factors. Building on measurements conducted across Queensland in 2011 and 2012 by Dr. Verreyne, this research was designed to:

- Develop knowledge about the factors that enhance and impede growth in Redlands firms. Specifically it aims to:
 - Contribute to the understanding of the challenges facing Redlands firms wishing to innovate and grow.
 - Investigate why some firms do not grow at their intended rate while others do.
 - Analyse why firms locate in Redlands.
 - Potential reasons as to why firms exit from the Redlands region
 - The extent entrepreneurs are considering exiting their firms and the method in which they plan to do this
 - Provide a comparative analysis with other firms in Queensland.
 - Include contextual information to explain the findings.
- Deliver opportunities for engagement with business and policy-makers, including, case studies, seminars at industry groups, policy advice and media releases.

Methodology

The purpose was to develop a database of firm data which addresses firm performance, growth and exit intentions, and the factors that influence them, such as innovation, collaboration, employment, competition and strategy, CEO motivation, growth; and to provide findings that were used to assist in the development of the economic development strategy for Redland City Council.

Similar to the approach developed by Brisbane City Council, the focus of attention was on industry codes that represent tradeable goods and services because the growth of these firms brings wealth and high-value employment

into the region. The survey did not focus on general retail firms. Using ABS data, the survey made a comparison of industry types in Redlands versus other local government areas such as Brisbane, Logan and Ipswich.

Included in the sample were firms which have exited the market and exited the region. By including such firms the survey was able to gain a better understanding of why firms are exiting, how they are exiting and the events that led them to exit. The focus of the survey will be on both positive reasons for exiting such as firm buy outs and other more negative reasons for exit such as poor profitability.

Data source

Redland City Chamber of Commerce agreed to provide a list of businesses and we will use Impact List to provide us with additional firms to create a stratified sample (based on size, industry and area) as in similar BCC studies.

Questionnaire

The questionnaire was developed and used over a period of 18 years by the Centre for Business Research (CBR) at Cambridge University. However, it has since been adjusted by University of Queensland Business School (UQBS), in collaboration with Department of Science Information Technology Innovation and the Arts (DSITIA) and Brisbane City Council (BCC), to address the unique requirements of the data required by DSITIA for internal and external reporting, while still remaining of use to researchers. The questionnaire contains 37 items, which can generate 400 variables addressing the general characteristics of the firm, innovation, competition and collaboration, finance and managerial practices.

In addition, firms were asked about intentions to stay in the Redlands region and the factors that may cause them to close the business or leave the region. The questionnaire took approximately 25 minutes to complete, with all respondents guaranteed anonymity and confidentiality.

4.4 Growing Business in the Redlands Survey findings

Overview

The Growing Business in Redlands business survey was initiated through the University of Queensland Business School following discussions between UQ researchers, Redland City Council and the Chamber of Commerce. These discussions identified a need for Redlands to focus efforts on developing the economic capacity of the city to generate wealth and high-value employment, with the aim of having a self-sustaining economy.

While there was a degree of anecdotal data around some of the challenges facing Redland City businesses, this was the first time that a survey of this nature had been undertaken.

Redland City Council recognised the need to engage the local business community in order to identify the levers for business growth that were within Council's domain and which would contribute to the city's overall economic growth. The survey's findings also delivered an analysis of the city's business

community including information about the business owners and their businesses which will assist council in its engagement strategy.

The survey found that business owners were reflective of the Australian landscape with 66% being male and 34% female. They had a range of technical, professional and academic qualifications with 50 per cent holding a technical qualification, 28 per cent a professional qualification, 33 per cent a TAFE qualification and 17 per cent first or post-graduate university degrees.

It is unclear how many business owners holding a technical qualification also hold other higher qualifications and how many business owners hold no qualifications at all.

In terms of experience, 62 per cent had previous industry experience (mean 28 years), 62 per cent had previous managerial experience (mean 21 years), and 45 per cent had previous start-up experience (on average 3.26 start-ups). In total, 45 per cent of respondents indicated that they had run three or more businesses in the past of which at least one was profitable.

Again it is unclear if the 62% that had previous industry experience are also the 62% that had managerial experience.

The debate as to whether skills or experience are more important in running a successful business continues to generate discussion. Both are important contributors, however there are some essential skills that are required to run a successful business and the survey doesn't identify the level of skills within the businesses surveyed.

This could be an important factor, as Council moves to encourage local businesses to grow. Do business owners and managers have the necessary skills to grow and develop their enterprises?

Some of the key skills required include:

- Planning – strategy, business planning, succession planning
- Finance – managing cash flows
- People – managing and leading people and teams
- Communication – effective communication with customers, suppliers, regulatory bodies
- Sales and customer service – sales processes, excellence in customer service and management

It is interesting to note that the survey found that owners with professional qualifications were “significantly more likely to have written business and HR plans, monthly management accounts, a website for information and an innovation strategy”.

All of these planning elements are important in ensuring a business is set up for success. While 76% of local businesses used monthly management accounts, only 47% had a written business plan and even fewer still had a written HR plan (33%).

Ensuring businesses have appropriate business plans and structures is not something that Council can directly influence, except perhaps through an approvals process. However, Council will need to determine the best way to support local businesses in the drive to increase the City's economic capacity.

Facilitating access to appropriate training programs and support services will be an important contribution by Council that would improve the success of local businesses.

A recent review of the Redlands City Business Grow Program conducted by SiS makes recommendations on some of the ways Council could support local businesses. Council will need to make a decision on the level of resources it wants to provide in support of local businesses.

Overview of businesses surveyed

The survey found that businesses in Redland City were mature with the average business age being 23.55 years and only 12% of businesses being younger than 10 years. 85% of local businesses employ 10 or fewer employees, while 54% of businesses have a turnover of less than \$1m.

This background on Redlands businesses is important because it gives an insight into the overall business demographic and while these statistics are not inhibitors to growth, it does raise questions about local businesses ability to grow and develop further.

The level of maturity of the city's businesses suggests that many business owners could be considering exiting over the next few years either through a succession plan, winding the business up, or selling. This could potentially reduce the overall number of businesses in the City.

There is also an apparent lack of new businesses in the City with only 12% of businesses surveyed younger than 10 years. The question for Council is whether there are any activities it can undertake to encourage entrepreneurs and startups. There is also a need to develop an investment attraction strategy to draw new businesses into the City.

The size of local businesses could also be an inhibitor to growth, with the majority of local businesses turning over less than \$1m per annum and employing less than 10 employees. This could pose challenges with access to capital and skilled labor as well as limiting the ability to leverage economies of scale.

Interestingly 65% of firms reported some type of innovation which is positive given the maturity and average size of local businesses, though 63% of sales came from unchanged products or services so there is a question mark over the driver of innovation.

68% for firms surveyed had had moderate to high growth expectations, however given that only 47% of firms had a written business plan it's difficult

to see how many of these firms will achieve their growth through a strategic approach. This would make any incidental growth less sustainable.

Added to this is the fact that most firms surveyed (90%) felt that their established reputation was their major competitive advantage. That may be true in a mature market where established businesses can use their branding, profile and reputation to maintain their market share and block new entrants to the market. However, in markets outside of Redland City be it Brisbane, state, national or international, reputation alone will not give firms a competitive advantage.

It should also be noted that 80.5% of sales were to South East Queensland, including Redlands, with 16% to other parts of Australia and only 3.5% of sales were overseas.

Firms will need to consider their sales strategies into markets outside the South East corner in order to achieve the levels of growth mentioned by respondents to the survey.

Factors such as speed to market, pricing structures and innovation will enhance a firm's value proposition both within the local market but more importantly in national and overseas markets.

These areas are of course outside of Council's control; however they will impact on Council's objective to grow the local economy. Council can facilitate export opportunities for local businesses through international partnerships and also by connecting local businesses to state and federal government programs.

Another potential limiter of business growth is that most businesses 80% cited lifestyle as the reason for setting up in the Redlands, and while the survey provides no evidence of this, it can be assumed that businesses owners would be unlikely to jeopardize their lifestyle in the pursuit of substantial growth.

Limitations to business reaching their objectives

The survey found that 68% of businesses placed red tape and regulation as the most significant inhibitor to growth, however they didn't articulate what these were or what if any strategies they'd employed to mitigate their impact on the business.

Firms also cited a lack of demand (29.2%) and competition (23.6%) as key inhibitors to growth. The survey scope didn't include research into the initiatives that local firms are undertaking to increase demand for their products and manage the increase in competition. While consumer confidence has been in decline, based on the survey data around the businesses and their owners, it is reasonable to expect that added to the decline in demand and increased competition is a lack of business planning and strategies to meet the increase in competition.

Only 10% of firms cited access and cost of finance for expansion as an inhibitor to growth compared to 28% of Queensland firms and 25% of firms nationally. This can suggest one of two things, first, local firms are cashed up and don't require access to finance, or two, there are no expansion plans on the horizon so the need to access finance is diminished.

At a local level the survey found that conditions such as availability of premises (22.1%) and cost and performance of internet services (19.7%) were also inhibitors to business growth.

The areas where Council can have an impact were found to be; streamlining processes to make it easier for businesses to comply with regulations and also reducing the burden of compliance by removing duplication or unnecessary regulations. This will in turn also reduce the cost of compliance.

Facilitating the availability of land for commercial and office premises is also a lever that Council can utilize to further reduce limitations on local businesses. Other than that Council is limited in what it can do to reduce some of the other limitations that were cited in the survey.

There is little that Council can do to reduce the impact of the cost and performance of internet services, other than lobbying the federal government to fast track the NBN into the city, and Telstra to improve existing infrastructure.

It should be noted that a reduction in red tape alone, will not deliver growth. Most businesses in the survey cited a majority of external factors as inhibitors to growth, and while these external factors can have a significant impact on growth, a degree of self-assessment is also required by businesses to determine what limitations they are placing on themselves.

A lack of planning, competitive strategies, innovation and strategic thinking are also inhibitors to growth and businesses will need to address these factors. Otherwise any move by Council to reduce red tape and facilitate the development of commercial and office premises will not have the desired impact.

Business exit and relocation from the city

This section of the survey highlighted some concerning statistics in relation to owners wanting to exit their business and firms looking to relocate outside the Redlands.

The survey showed that 10% of businesses were considering exiting in the next 12 months with that figure rising to 15% over a three year period. This was through a combination of owners wanting to retire or relocate out of the area. 15% of businesses were considering relocating outside of the area largely due to three key factors:

- Difficulties attracting employees with the right skills including management skills
- Cost and performance of internet services
- Access to international markets

Firms wanting to double in size or with a higher volume of sales outside the area were more likely to be considering relocation. There is little that Council can do in relation to these three key factors other than facilitate the skilling and training of the local workforce by encouraging the growth of existing training providers and attracting new ones into the city. It should be noted that Education and Training are a key sector in Council's new Economic Development Strategy.

Summary of findings

The Growing Business in the Redlands Survey has highlighted some clear challenges for local businesses both internal and external, which could impact Council's desire to see local businesses grow and contribute to the economic development of the City.

The demographics of the local business sector pose some significant challenges in terms of growth aspirations. The average age of the businesses surveyed, the apparent lack of new entrants into the economy, coupled with an apparent lack of business planning and strategies to deal with reduced demand and increased competition will all impact business growth.

A reduction in red tape which will lead to a reduction in the cost of compliance is one lever that Council can utilize to assist local businesses. Ensuring that the planning scheme facilitates the development of commercial and office space is another way Council can facilitate growth.

Open and clear lines of communication between Council and the local business community are crucial. The survey highlighted the need for Council to be aware of the firms thinking about exiting the City with sufficient time to initiate any actions that may encourage these businesses to stay.

Council's new Economic Development Strategy 2014-2041 recognises the need to establish good communication through the development strong partnerships with the local business community. One of the key initiatives of the strategy is the formation of an Economic Development Advisory Committee which will be the main vehicle for communication between Council and the City's business community.

Overall the UQ survey confirmed that Council is limited in the influence it can have on local business growth. However, the levers that it does have at its disposal should be used to encourage growth in existing businesses and the attraction of new businesses to the city.

Recommendations

The conclusions from the survey, which was based around best practice outcomes from the Queensland Innovation survey, the Brisbane City Innovation survey and research from the United Kingdom and the United States, were that local businesses have faced some major challenges post the GFC.

It also found that while local government has little control over many of these challenges, there were three key areas where Council can play a role as it looks to develop the economic capacity of the city. These areas are:

- I. High performance internet – Redlands is behind in the digital economy and needs to catch up to retain its best businesses.
- II. Planning to support business growth – need to ensure sufficient office and business space and road arteries that access key areas in SEQ
- III. Two-way communication with growth businesses – identify high growth firms and large employers. Keep lines of communication open in order not to lose the firms at key growth cycles.

The report recommended that Council concentrate on growing existing businesses in the city, rather than developing a strategy of trying to attract new businesses, though it was agreed that an investment attraction plan is an important piece of an economic development strategy.

5. Redland City policy analysis

This section of the research provides an overview and analysis of Council policies that have been used to inform the city's economic development. The policies have not all been adopted by Council and where this is the case it will be noted in the analysis. The documents that have been analysed however represent some of the key economic development strategies and reviews for Council and such warrant analysis in order to determine their validity in the city's future economic growth. The reviews have been conducted by SiS Consulting and Urbis

The documents that will be analysed in this section of the research compendium include:

1. Redland City Council Economic Development Strategy 2008-2012
2. Redland City Council Tourism Strategy 2010-2014
3. Redland City Council Rural Futures Strategy

5.1 Redland City Council Economic Development Strategy 2008-2012

Overview

SiS Consulting has been engaged to assist Redland City Council (RCC), develop a new Economic Development Strategy. As part of this process SiS has been asked to review a number of RCC strategy documents with a commercial lens, to identify gaps that may impact the implementation of these strategies and ultimately the economic development of the Redlands.

This report outlines the findings of a desktop review conducted on the Economic Development Strategy 2008-2012 (EDS) and makes recommendations on considerations and actions that would enhance the development of the new economic development strategy.

The review found that the EDS lacked an "economic vision" and was too broad and high level and lacked clear objectives. It appears to be a document of "intent" rather than a strategy that clearly outlines the economic development direction of Redlands. The document has more of a marketing flavor and appears to be focused on external communication rather than clearly setting a strategy direction.

The World Bank states that the purpose of local economic development (LED) is "to build up the economic capacity of a local area to improve its economic future and the quality of life for all". It also asserts that LED "is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation". RCC's 2008-2012 EDS does not set out the parameters for a collaborative partnership between Council, the business sector and non-government sector, instead the current strategy talks in broad terms about a partnership between Council and the community.

Redland City Council's current EDS states that its vision is "the balancing of the Redlands natural and economic capital", and that the mission involves

“creating a better Redlands through sustainable economic management”. The challenge for RCC is that by definition, economic management is concerned with ensuring that existing resources are used efficiently and effectively by utilising control mechanisms in areas such as finance, income and expenditure. Whereas economic development is about creating an environment that encourages growth in order to improve the economic capacity of the Redlands.

Below is an analysis of specific areas of the current EDS to identify the gaps that will need to be addressed in the new strategy.

Gap analysis by section

Vision

The 2008-2012 EDS was developed using the City’s vision, “lifestyle, a great place to live work & play”. The vision of the current EDS focuses on balancing of the Redlands natural and economic capital and includes “the development of a vibrant and sustainable economy with a strong local workforce and a high level of self-containment”.

While elements of the vision are encouraging, the review found some conflicting messages in terms of the vision’s focus as it appears that the EDS focuses more on environmental outcomes rather than strategies to encourage the improvement of the economic capacity of the Redlands. RCC should develop a stand-alone economic vision rather than trying to utilise its broader lifestyle vision. Brimbank City Council in Victoria is a good example of what an economic vision could look like. With a population of approximately 191,000 Brimbank’s vision focuses on innovation and entrepreneurship, their vision states: *“In 2015 Brimbank will be renowned as the centre of the west, a premier location for diverse and innovative industries that support entrepreneurial leaders and a dynamic workforce.”* Redland City needs to develop its own defining economic vision which will underpin its approach to achieving such a vision.

Economic development is about improving the economic wellbeing of the Redlands through policy decisions that foster and encourage growth in order to improve the economic capacity of the area. Key areas of focus including job creation, investment attraction and innovation all need to be explored and agreed on by council.

The current vision makes it clear that environmental considerations are vital in ensuring the “lifestyle” focus is maintained and Council will need to re-establish a balance between its desire for economic development and its environmental goals. However, an economic development strategy that’s solely based on environmental considerations will not deliver an increase in the economic capacity of the region.

The current vision also talks about having a “high level of self- containment”. The recently completed UQ Redlands business survey shows that there is currently a low level of employment self-containment in the Redlands and it does not support the view that employment self-containment is possible.

There are a number of factors that need to be explored further in the context of employment generation, key to which will be the industry sectors that are likely to grow and RCC's approach to assisting industries within those sectors to grow.

In summary, the current council needs to set an economic vision and determine the main areas of focus for the new strategy. Without a clear vision from Council it will be difficult to develop a strategy that delivers any substantial benefits.

Mission

The current mission is to "create a better Redland City through sustainable economic management". The current document then goes on to list four key enablers provided by RCC;

- Leadership, responsible planning & representation
- Protection & maintenance of lifestyle and natural environment
- Community & regulatory services
- Infrastructure and facilities

Whilst a focus on sustainable economic management is to be encouraged, in the context of an economic development strategy it can be limiting in terms of growth. This is because economic growth focuses on controlling existing resources to ensure they are used efficiently and effectively, particularly in the areas of finance, income and expenditure.

These control mechanisms can sometimes have a negative impact on economic development because the focus is on control and reduction of expenditure, not on growth or investment in growth initiatives. Council will need to balance the need for economic management with its desire for economic development and set clear parameters for both.

The review could not find any clear statement, in the current mission that outlined Redland City Council's intention to enable & encourage innovation in order to maximize the value of the area's assets including its natural environment for the benefits of residents or to attract investment to the area.

Economic Development Strategy Goals

The stated goal of the current EDS is to "create an environment that encourages an environmentally sustainable economy", there is no mention of increasing the economic capacity of the Redlands, creating an environment for business to grow or generating local employment. The five goals outlined in this section are too broad and unclear;

1. ***"Developing an appropriately trained workforce"***. What is deemed as appropriate? What will the workforce be trained in?
2. ***"Encouraging the establishment and growth of appropriate businesses"***. What are the criteria for determining what's appropriate? Who makes the decision on the appropriateness of a business? Are the

criteria designed to balance environmental considerations with investment attraction?

3. **“Optimising the use of scarce natural assets”**. What assets will be optimized? How will they be optimized?
4. **“Promoting the region as a great place to live work and play”** An expanded version of this goal could be included in the new EDS. “Promoting the region as a great place to live, work, play and invest”. In addition, some clear direction on how this promotion will occur will need to be included in the future EDS.
5. **“Working together (a partnership with the community and the region) to achieve common goals”**. This goal is too broad and doesn’t clearly define community. It needs to separate the key elements of the community including the business sector and define the nature of the partnership.

The broad nature of the current goals coupled with a lack of clear direction on how they will be achieved makes it impossible to measure progress or track return on investment. Goals set in the new EDS should ideally be specific, each goal should have a plan clearly outlining how it will be achieved including timelines. A scorecard could then be developed to track their progress and measure return on investment.

Consideration should be given to development of a new set of quantifiable goals around key areas of development, with timelines and accountabilities attached. For example, setting targets for growth in specific sectors like manufacturing, health and tourism and then linking these to employment growth targets over a defined period of time. This would then focus council resources on those activities which can assist growth in the key identified sectors.

Finally, accountabilities need to be assigned for each goal so that activities can be tracked and monitored and there is a line of responsibility for each goal.

Challenges

The current strategy cites ten challenges for Council and the city in “creating this strategy” though in a strategy document the challenges should be identified in relation to its implementation not its creation.

Here again there are conflicting messages particularly around growth, and insufficient detail in terms of the nominated challenges and how they might be addressed. As an example, a couple of the identified challenges are: “ensuring continued business growth & sustainability” and “establishing the right conditions for the economy to grow”, a couple of points below these the EDS states that “economic growth must be contained to discreet areas”.

The conflict here is that economic growth can't just be confined to a "discreet area" if it is to be sustainable. Whilst the management of existing areas is important, innovation may drive changes to growth areas and Council should consider a degree of flexibility in this regard as it develops its new EDS.

Strategy

This section of the EDS appears to adopt the ten "enablers" as outlined in the 'Opportunities for Local Government – Developing Competitive Regions' paper (Australian Local Government Association). There is no analysis of each enabler in relation to the Redlands economy to determine if they are appropriately aligned to the EDS or if they need to be prioritized.

Each enabler is then listed with a number of high level initiatives attached to each. Once again there is little detail in relation to these initiatives, though there is a list of projects in Section 6 which are linked to the enablers and which are analyzed in the next section of this report.

If the intention is to once again focus on the same ten enablers then each one needs to be aligned to the overall objectives of the new EDS, and each enabler must then have a clear list of actions and activities which can be tracked and measured.

Partnerships

The current EDS does not outline the nature of partnerships that RCC wants to establish or the key organisations it wants to partner with. It is recommended that the new EDS clearly defines the nature of partnerships, the specific groups, and the partnerships intended outcomes & benefits. A review of the Strategic Framework is also strongly recommended.

Projects and Programs

Whilst there is insufficient information on the individual programs listed, it appears that they are linked to the "enablers", though they are not clearly aligned with each one. The fact that a project list exists is a positive step however, without a scorecard to measure the effectiveness of each project, it's impossible to know their status, their impact on the strategy, or the benefits they've delivered in terms of economic development.

It is strongly recommended that any future economic development projects and programs are measured through a scorecard which has clearly defined and agreed performance indicators. Councilors should be encouraged to become project/program champions and ensure their designated program is delivering on the economic development agenda set by Council.

Recommendations and summary

It is clear that the current EDS was developed more as a marketing document than a strategy. Many of the strategy's key points are too high level and lack detail particularly in terms of outcomes and deliverables.

Before a new EDS is developed, Council should re-establish its economic development vision and determine what key economic outcomes they want for the Redlands.

A new economic development framework should be developed incorporating the vision, and a stronger focus on collaboration with industry sectors. Improving the economic capacity of the Redlands will be dependent of growth in those key industry sectors identified through analysis and RCC will need to effectively partner with the sectors to facilitate growth.

It will also be important for Council to determine the key sectors of the Redlands economy that they believe will achieve the best economic development outcomes. Industry action plans can then be developed outlining ways in which Council can facilitate the sectors growth through relevant initiatives.

5.2 Redland City Council Tourism Strategy 2010-2014

Overview

SiS Consulting has been engaged to assist Redland City Council (RCC), develop a new Economic Development Strategy. As part of this process SiS has been asked to review a number of RCC strategy documents with a commercial lens, to identify gaps that may impact the implementation of these strategies and ultimately the economic development of the Redlands.

This report outlines the findings of a desktop review conducted on the Tourism Strategy 2010-2014 and outlines some key gaps identified during the review of the strategy.

It also makes recommendations on actions that should be considered by Council in the development of the next tourism strategy. Council would need to evaluate the recommendations made in this report and come to its own conclusion on the best way forward.

In reviewing the tourism strategy the consultant spoke to RCC's Tourism Manager to obtain some background on the development of the strategy. Feedback suggests that at the time the TS 2010-2014 was being developed there was a lack of clear strategic direction from Council in terms of growth and development aspirations. Feedback also suggests that there may be a disconnect between the current Mayor's tourism vision and management's implementation of the tourism strategy, though this is yet to be tested further.

The current tourism strategy runs from 2010 through to 2014 with the last review and update conducted in 2012. It is important to highlight that before any future tourism strategy is developed, a clear economic development strategy is in place, providing overarching direction for the tourism sector.

The current strategy appears to have been developed in isolation and while some of the initiatives are promising there is no real link to the Redlands current economic development strategy.

In 2011/12 total value added by Tourism & Hospitality to the local economy was only 1.4% and the total tourism workforce equates to 2.8% of the Redlands total workforce. This means that any future tourism investment needs to be considered in terms of the overall impact on the Redlands economy compared to other industry sectors. The sectors ability and appetite for growth also needs to be examined before RCC embarks on any tourism based initiatives to ensure the value of any investment is maximized.

While the strategy does outline a vision; ***'Redlands is the most accessible, diverse and protected nature playground within Brisbane's Moreton Bay & Islands'***, a question mark remains about the use of the term "protected nature playground", particularly in terms of tourism investment. From an investment attraction perspective, the term could dissuade investors who may consider "protected" to mean that Council is against growth & development.

This strategy also outlines a number of goals and objectives, which is a positive step in developing an action plan though there is no way of measuring the strategy's success to date. The strategy outlines the desire to make Redlands a "gateway" to Moreton Bay & the Islands but does not mention Redlands as a "destination"

There is a strong focus on North Stradbroke Island, which is understandable given its natural attributes, however this limits the scope of growth for the tourism sector across the whole of Redlands. Following is a summary of the analysis, broken down by each section of the strategy.

Introduction

This section outlines six clear objectives for the plan which is a positive approach to strategy development. The consultant identified some gaps in these objectives, in particular, one missing element around making Redlands a destination. Part of the focus of the strategy needs to be creating an environment where Redlands City becomes a destination in itself, rather than a "gateway" to North Stradbroke Island.

The seven goals outlined in this section were found to be clear and concise and providing a platform for the development of actions and initiatives, however they lacked quantification. For example, goal two "extend market share, length of stay & value to the Redlands" could have quantifiable measures, extend market share by%, increase length of stay bydays and increase the value to the local economy from 1.4% to 2% as an example.

Clear targets should be developed together with measurement and reporting frameworks to track the progress of any future tourism strategy's implementation. These targets could include some employment growth targets for the tourism sector.

Where tourism makes a difference

This section of the strategy provides high level identification of challenges to the tourism sector though there is no analysis or recommendations for overcoming these challenges.

One of the challenges identified is "attracting appropriate investment" though what this type of investment looks like is not defined. The strategy goes on to state that "tourism as an industry is uniquely placed to encourage investment....." though how or why it is uniquely placed is not defined. In particular there is limited analysis of the ability of the Redlands tourism industry to attract investment.

The major initiatives outlined in this section lack sufficient detail to allow for any analysis in terms of their effectiveness. The way they're outlined in the strategy makes most of them more opportunities than initiatives.

Understanding the Strategic context

This section links the success of the Redlands as a tourism destination to the success of the broader 'Moreton Bay and Islands' tourism destination in Brisbane.

Two major gaps were identified in this section:

1. The extension of mining leases on Nth Stradbroke by the current state government which will mean a delay in the expansion of the island's national park to 80% of the island until at least 2035.
2. The Capalaba & Cleveland master plans cited in the strategy won't themselves be growth catalysts, they will facilitate growth but only if and when they are implemented. Capalaba in particular, which is a major centre for employment in Redlands, will need some forward progress on its master plan in order to facilitate growth and investment attraction.

Tourism in the Redlands: Visitation

Here the strategy outlines current tourism numbers for the Redlands based on data from Tourism Research Australia. It would have been beneficial to have had data on the spend patterns of Brisbane based visitors in terms of other regions visited, lengths of stays and dollars spent.

In developing a new tourism strategy it would be beneficial to analyse a couple of key factors:

- What is the size of wallet of each visitor and how much is spent in the Redlands versus other areas?
- If visitors to the Redlands are staying on average 3.9 nights, are they travelling to other regional areas and what's their length of stay?

Investment and growth

The document states that there has been limited investment in tourism products since 2005. It identifies a number of development opportunities though does not elaborate on the level of investment required.

The challenge is that because the strategy does not clearly quantify a target level of growth in the tourism sector, it cannot identify the required level of investment to meet that growth target. Without these two key components it's impossible to identify clear investment attraction strategies for the sector.

Infrastructure and Services

The strategy document identifies a number of infrastructure deficiencies that impact on the tourism sector. A number of these are outside of councils control and will require significant investment by both the public and private sectors. The reviewer could find no analysis that measured infrastructure investment against growth in tourism. Without such analysis it's difficult to determine which projects will provide the best returns and deliver the best outcomes for the sector and for Council.

Priorities

In this section the strategy identifies five priorities in order to achieve the strategies vision and makes recommendations on initiatives for each one.

Priority 1; Partnerships and Industry Engagement

Recommends the establishment of an independent economic development and tourism board to “lead the region and industry”. Given that tourism is only one industry sector within the Redlands economy and in terms of value add falls below other industry sectors, it would be more beneficial to have an independent economic development board made up of all industry sectors including tourism.

Priority 2: A clear message and positioning

Focuses on positioning Redlands as a “gateway” and active hub of the Moreton Bay Islands brand. There is no analysis of the benefits of this positioning in terms of investment attraction and this will need to be determined in order to develop the key messages for investors and key stakeholders.

Determining whether there is in fact an appetite to invest in a “gateway” as opposed to a “destination” will be an important consideration when determining future planning initiatives.

Priority 3: Investment in economic growth through tourism

This priority does not identify the type of investment required in order to contribute to the areas economic growth. Clearly defined growth targets linked to sector investment and infrastructure development would provide a clear direction on actions and initiatives that Council could drive to achieve growth.

Priority 4: A planned approach to balance growth and conservation

This priority appears to be well balanced and identifies “a lack of value-added nature based tourism experiences”. However the focus appears to be North Stradbroke Island with the suggestion of a post-mining economic development program. Such a program would be delayed now that the current state government has extended mining leases.

This section also identifies three priority projects which the suggested approach. A review of these projects, their status and effectiveness, would need to be undertaken in order to determine their success to date and identify any required change in direction

Priority 5: Vibrant communities and tourism events

This priority seems to once again focus on North Stradbroke Island and current events held there. It does not identify any existing mainland events for example, Redfest, and ways in which this could be expanded. There may already be a plan in place, however it’s not mentioned in the strategy.

There is also no analysis of the types of complimentary events that could be considered to take advantage of existing regional events and increased visitor numbers to south east Queensland. Consideration could be given to aligning

Redlands events to major regional events, for example the V8 Supercar race on the Gold Coast, Brisbane Fashion Week, as well as various industry conferences held in Brisbane. Aligning with these major events could provide an opportunity to increase visitor numbers.

Implementing the Strategy

The strategy outlines a number of actions aligned to each priority, these have been prioritized and assigned lead responsibility. This is a positive strategic initiative and could deliver outcomes. However with no reporting framework, it's impossible to determine the success or effectiveness of these actions.

Developing a measurement and reporting mechanism to determine the success of any future action plans would be highly recommended.

Appendix 2 New product opportunities

The key product development opportunities outlined in this section are too broad and high level and as such will be difficult to sell to potential investors. Clearly defining some of the key product development opportunities will increase the likelihood of industry engagement.

For example, clearly defining “unique and world class accommodation” to determine the potential economic benefits and the level of investment required to develop such facilities, would provide a platform to engage with potential investors.

Summary

Overall, the tourism strategy has a number of important elements that could deliver benefits to the local economy.

The key issue with the strategy is that it does not roll up into Council's economic development strategy but rather sits in isolation. This appears to be due to the lack of clear Council direction in relation to the key outcomes it sought when the last tourism strategy was being developed.

Any future tourism strategy should cascade down from an overarching economic development strategy and sit alongside other industry sectors. It should be informed by Council's economic vision and have clear targets which would allow for more accurate planning.

Any future strategy should also have some key quantifiable goals, for example, the percentage growth in tourism sought by Council. This could be in the form of visitor numbers, length of stay and value added to the local economy. Once these goals are established, a clear plan that includes management and reporting frameworks can be developed, allowing for measurement and reporting on the progress of initiatives.

The recommendation to establish an independent economic development and tourism board needs to be reconsidered in light of the overall contribution made by tourism to the local economy compared to other sectors.

Consideration should be given to the establishment of an economic development board with a representative from each of the key industry sectors identified by Council, including tourism, with the size and composition of the board to be determined by Council.

Finally, the current tourism strategy has a strong focus on North Stradbroke Island, this is understandable given that it is an important tourism asset for the Redlands.

However, in order to attract tourism investment across the region, the tourism strategy should clearly articulate the objectives, priorities and initiatives that will assist growth in mainland tourism.

Council needs to determine if it wants Redlands to be known as merely a “gateway” to the Moreton Bay Islands or a destination in itself.

5.3 Redland City Rural Futures Strategy

Overview

SiS Consulting has been engaged to assist Redland City Council (RCC), develop a new Economic Development Strategy. As part of this process SiS has been asked to review a number of RCC strategy documents with a commercial lens, to identify gaps that may impact the implementation of these strategies and ultimately the economic development of the Redlands. This strategy has not been adopted by Council and has only been noted.

This report outlines the findings of a desktop review conducted on the Rural Futures Strategy (RFS) prepared for RCC in January 2013. The RFS' intended purpose was to "establish a reinvigorated direction for Rural Areas that provides a shared vision for rural champions, government, local businesses and community groups to collaboratively work towards".

After reviewing the RFS, it's clear that this is an aspirational document with a high level view of issues, challenges and opportunities, which will make any attempt to implement the strategy difficult to say the least, let alone see any tangible results from it.

The strategy does not clearly set out the economic benefits that would come from its implementation nor does it outline the level of investment required to deliver the recommendations outlined in the strategy. There is no economic or commercial analysis of the opportunity cost of pursuing a rural strategy versus any other sector strategy, and with the rural sector contributing just 1.5% (value add) to the Redlands economy in 2011/12 such an analysis is crucial to ensure council resources are adequately deployed.

This report outlines some of the major gaps identified in a desktop review of the RFS and makes recommendations on actions that would need to be taken if RCC sought to implement the strategy. The report highlights the key sections of the strategy where major gaps in information were identified which would prevent an informed assessment of the recommendations from an economic or commercial viewpoint. Any decisions made by RCC as a result of this analysis are the responsibility of Council, the consultant takes no responsibility for decisions made by RCC or the impact of any such decision.

Gap Analysis by section

Introduction

One of the key objectives outlined in the RFS is to re-invigorate the rural area in order to give it a positive identity. While this is an admirable goal, improving the identity of rural areas in Redlands of itself, will not deliver significant economic benefits to the region.

The defined area of the study was 11,700 hectares or 54% of the mainland, of this only 2,595 hectares or 22% is currently zoned for rural purposes. This means that it would be impossible to achieve the economies of scale necessary to make a Redlands rural industry commercially viable. RCC would need to open up the remainder of the rural land available in the Redlands in order to achieve the economies of scale necessary to sustain a rural sector.

The document asserts that there is a “large population catchment that can support a diverse range of tourism opportunities from boutique horticultural and food production industries to outdoor activities including recreational trails”. The proposition that a rural sector can be sustainable purely from tourism without identifying the requisite investment to make this happen is limiting to say the least. There is no link between the RFS and the Redlands Tourism Strategy 2010-2014 and this is something that would need to be done to leverage synergies.

A study by Wilson, Fesenmair & Van Es, 2001, titled “Factors for Success in Rural Tourism Development” outlines several factors required for a rural tourism strategy to be successful; attractions, promotion, tourism infrastructure, services & hospitality. The RFS only outlines two of these factors (attractions & promotion) and does not detail what will need to be done in order for these factors to have an impact on the sector.

Developing the required infrastructure and services to ensure a sustainable and commercially viable rural tourism industry is critical because successful tourism is about getting tourists to stay longer than the time it takes to visit a local attraction. In other words, Redlands needs to become a destination rather than a stop-over.

Therefore if RCC wants to investigate the viability of a rural tourism industry, further economic analysis will need to be undertaken because the RFS does not provide any economic or commercial analysis to back up its recommendations. Any rural tourism strategy needs to fit in with the Redlands overall tourism vision and strategy so that synergies can be leveraged.

Context, key drivers and issues

In this section the report talks about the ongoing strength of the rural sector but looks at the industries in the sector in 2005/06 which is too far into the past, since then we’ve had a GFC in 2008 and an economic downturn in 2011/12. What does the rural sector look like in 2013? What is the long term economic potential of the rural sector in the Redlands and, what is the level of investment required to achieve the level of growth outlined in the report?

These are some of the questions that will need to be answered in order to determine if the rural sector is economically viable. Figures from the National Institute of Economic and Industry Research show that in 2011/12 the rural sector accounted for only 1.5% of the Redlands economic output and 1.3% (FTE by industry) of the workforce. Further investment in the Rural Futures Strategy needs to be measured against the growth opportunities in other sectors. By comparison, the Lockyer Valley comprises an area of twenty seven square kilometers has a rural sector which totals 23.6% of the local economy and employs 17% of the local workforce. Even with this strong focus on agriculture their rural strategy concedes that “there is very limited focus on fresh food particularly that which is grown and harvested in the region”.

The Redlands RFS does not define the rural “economy” which is an important consideration in looking at the sector’s development. In the simplest of terms, the Redlands economy can be defined as the wealth of the region in terms of the production and consumption of goods and services. This is important because it assumes a level of analysis of supply and demand which is not evident in the RFS.

There is also little reference to economies of scale, defined as a proportionate saving in costs by an increased level of production. This is a vital part of ensuring a sustainable rural sector and will be hampered by the fact that the available rural land in the Redlands is limited and not sufficient to drive true economies of scale.

The report also asserts that “the Rural Futures Strategy needs to support local community food enterprises regardless of their size, involvement in the supply chain or whether their focus is on global or local markets”. This assertion ignores the basis of sound economic investment and is also not commercially viable. Drawing limited Council resources into supporting businesses that aren’t commercially viable would have a negative impact on potential growth opportunities in other sectors of the local economy.

The focus should be on businesses and industries that can make a long term contribution to the economic development of the Redlands and in which, investment and focus would deliver sustainable returns. Again the RFS provides none of this context or analysis so it is difficult to justify the recommendations in the strategy.

Strategy themes and goals

In this section the strategy is focused on enabling the diversification of rural industries, in reality, diversification will only be beneficial if there is sufficient demand for locally produced products to justify the cost of diversification. The scale of diversification will also be impacted by land availability, which is currently limited, investment capital, and the sector’s ability to innovate. All of these factors need to be analysed and considered before any decision to diversify can be taken.

Here the strategy also sets a goal of creating an additional 500 rural jobs by 2031 to a total of 851 jobs, however there is no information provided on how these jobs will be created. The figure is also only 1.25% of the total current workforce, and as highlighted by National Institute of Economic and Industry Research figures, other industry sectors contribute more by way of overall employment in the Redlands, including; manufacturing 8.3%, construction 14.6%, retail trade 13.9%, healthcare 12.9% and education & training 8.9%.

So the question becomes, will RCC gain a greater return by focusing on sectors, other than rural, in terms of employment growth? While more analysis needs to be done in order to accurately answer this question, based on the evidence presented it would be difficult to justify focusing on rural sector job creation at the expense of other sectors.

This section also talks about the adoption of “technologies of ecological intensification” to increase food yields but makes no reference to what these technologies are, whether they will be energy intensive, or the level of investment required to introduce these technologies.

A long term vision outlined in this section of the strategy is that of supporting major existing industries such as the chicken and extractive resource industries. Whilst this vision needs to be supported, in reality there is little RCC can do to support these industries, other than facilitate land access through planning policies, and this will mean addressing the fact that both industries compete for the same available land for very different uses. Further work would need to be undertaken as part of the RFS to reconcile these competing priorities.

In reality the long term viability of these industries will depend on global demand for their products, access to capital and the management of the companies themselves.

Another key aim of the Rural Futures Strategy outlined in **Section 4.3** is “to develop & enhance existing rural nostalgia....” By definition, nostalgia is a sentimental longing for a period in the past, this goes against everything a future strategy aims to deliver, nostalgia does not “drive change” as claimed in the RFS.

In any case it will be impossible to recapture the past, the global economy has moved on, the market has changed, grown and diversified and there have been demographic changes in the Redlands.

For a future directions strategy to succeed it must focus on innovation, growth and productivity, not on yearning for the way things were. Nostalgia has no place in economic development or commercial reality.

Protecting the values that are important to residents such as, landscape character, scenic amenity, conservation areas and sustainability can be done through environmental and conservation policies not through a Rural Futures Strategy.

Section 4.4 has a number of Primary & Secondary goals which are once again very aspirational, there is no data that outlines the level of investment required to “halt the decline of the rural economy”. This analysis would need to be undertaken and measured against the opportunity cost of other potential drivers of economic growth.

A number of “incremental case studies” are included in this section of the strategy, however, no economic or commercial data could be found to support the future view of those industries as outlined in the strategy. If RCC wants to encourage these industries as potentially viable vehicles for economic growth then detailed analysis of each industry would need to be undertaken to identify what the growth opportunities are relative to the market and the investment required. Council would also need to assess what actions, if any, it

could reasonably take to encourage these industries to move to the future state outlined in the RFS.

Given the region's strong association and history with strawberry production, there could potentially be an opportunity to look at this industry as part of an overall strategy. Provided large scale production could be undertaken that could take advantage of demand from Asia. For this to be viable, the product would need to have a unique competitive advantage through pricing, quality and supply.

Taking advantage of economies of scale to reduce the cost of production, developing innovative technologies to increase yield and quality are all possibilities, but would all come at a cost and this would need to be examined in the context of the overall opportunity. Economic and market analysis would need to be undertaken in order to determine the level of investment required and the potential returns.

Rural Redlands local areas

Whilst the establishment of "rural precincts and places" is, in theory, a good step towards establishing a rural footprint, there is insufficient available land to make these precincts commercially viable through economies of scale. RCC could make more land available through changes to the planning scheme, but analysis would need to be done to determine the economic value of such changes relative to other sectors of the local economy.

One of the strategic goals outlined in this section is to "support the continuation of the poultry industry" the strategy suggests that this could be achieved by assisting poultry producers in the operation and management of their farms. This is definitely not a role for RCC, council could facilitate access to export markets through linkages with state & federal government bodies, and make land accessible through its planning scheme, but operating and managing poultry businesses is not a job for council.

This section also cites as one of the intents of the strategy to "identify sufficient land and plan for low impact commercial, industrial enterprise or educational uses" and proposes food processing and distribution as possible land use opportunities. Food processing and distribution cannot be considered low impact as they are usually energy intensive, require adequate infrastructure and are likely to have an environmental impact.

A distribution network is likely to require an upgrade to transport infrastructure and this will necessitate state and local government investment. Once again there is no data in the RFS to support the identification of these two industries as low impact, or an outline of the investment required to develop these industries.

The strategic goals around the "Redland Bay food precinct" are again very aspirational with no commercial or economic data to back up recommendations about supporting diversification of existing enterprises and creating new rural industries.

The strategy also aims to have local restaurants and cafes source 95% of its food content locally and while this is a noble aim, the reality is that the majority of local restaurants and cafes will make commercial purchasing decisions regardless of how they may want to morally support such an initiative.

The other issue is that a localized hospitality market alone will not be enough to sustain a commercially viable food production industry, even if one could achieve the aim of having 95% of all food sourced locally. In 2011/12 the tourism & hospitality sectors' value-add to the local economy was 1.4%, not large enough to help drive the economies of scale necessary in food production to make locally produced products more competitive.

The RFS also recommends that RCC develops a local food procurement policy that supports local products, once again RCC would need to ensure such a policy delivers value for money to ratepayers and is commercially viable.

The strategy asserts that “large revenue generating opportunities exist in retrofitting the current waste management system with Alternative Waste Treatment facilities”, however it provides no commercial analysis or business case to support this recommendation. If a business case has been developed then a review of it would be warranted, if there is no business case then an initial evaluation of the size of the opportunity relative to the required investment would be a good starting point.

Stakeholder empowerment

The RFS recommends the development of a “Stakeholder Roundtable for Rural Industries” and this could be considered a positive move, but its success would be dependent on the makeup of the roundtable and its charter. The suggestion however, that the roundtable could “develop procurement standards and set public sector purchasing targets in supply contracts to support the development of local industry”, shows little understanding of the commercial realities of influencing purchasing decisions. Such a move would create an artificial market supported by the public sector which would not be in the long term interests of RCC.

Organizations make purchasing decisions based on technical and commercial grounds therefore unless locally produced products can meet the technical specification, market demand and be price competitive or at the very least be seen to deliver value over and above the competition, they will not succeed.

Implementation framework

The RFS outlines twenty one strategic actions that would need to be taken in order to facilitate its implementation, these are too many to manage. There is no clear roadmap for each action but rather high level statements of deliverables with no assessment of the level of resources and investment required to undertake each action. For example “establish multiple, mutually supportive independent farm businesses”. How will this be done? How much will this cost?

The action list should be prioritized by analyzing each one in terms of return on investment and the greatest contributors to economic and social development in the Redlands. Left as is, the action list will remain a list of aspirations without any sound economic or commercial basis and will not be implementable.

Summary and Recommendations

The Rural Futures Strategy provides a series of high level aspirational statements of intent without any real economic or commercial data to back up recommendations.

If RCC want to pursue this as a strategy then further economic analysis is required to clearly identify which rural industries have the potential to deliver growth.

Before making any decisions on the implementation of initiatives in the RFS, Council would need to conduct analysis on the true market development opportunities that exist in the rural sector, the level of investment required and the sector's capacity to undertake process and operational improvements to increase competitiveness. This would be a critical step in ensuring that RCC commits its limited resources to initiatives that will deliver value and provide growth opportunities.

The RFS recommends Council undertake a number of actions to facilitate the implementation of the strategy. In reality, Council has few levers it can pull in any of these areas other than facilitating growth opportunities through its planning scheme.

Ensuring the long term future of the poultry industry and of Sirromet Winery are important considerations and Council should look at ways it can assist these industries to ensure their long term contributions to the Redlands. However, assisting poultry producers in the operation and management of their farms should not be a focus of RCC.

Further investment in conducting a full economic impact assessment of the Rural Futures Strategy at this time, is in the consultant's view, not a sound investment of council funds.

Before any additional analysis of the RFS is undertaken, an overarching Economic Development Strategy and plan needs to be developed which clearly outlines Council's vision for the Redlands as well as its clear goals for the region. The economic development strategy will assist in the identification of industry sectors which have the best opportunity to deliver economic growth. Further analysis can then be undertaken to determine the size of the opportunity and ways in which RCC can assist in their development and an appropriate action plan can be developed.

5.4 Redland City Centres and Employment Strategy review

Redland City Council engaged Urbis to undertake a review of the Redland City Centres and Employment Strategy (2010). The primary purpose of the review was to provide recommendations and actions to strengthen the Strategy and facilitate economic growth in the City in light of more contemporary economic development policy, investment information and employment data from the 2011 census. The review is a key background study to inform the new Redlands Planning Scheme (2015).

This review has identified that the key regional economic competitive advantages of the City relate to amenity and lifestyle making it an attractive place to live, high quality primary and secondary education facilities, a growing market for health and social assistance driven by the ageing population, and proximity to extensive and diverse natural environments like Moreton Bay and its islands.

Conversely, key regional economic comparative disadvantages include the limited supply of unconstrained land and therefore limited opportunity to provide regionally affordable land for employment purposes. The City is also isolated from major freight routes when compared to its major competitors.

The Centres and Employment Strategy (2010) has a strong alignment with the City's regional economic competitive advantages and its comparative disadvantages remaining relevant to facilitate and plan for a strong and diverse economy. This review does however provide a range of key findings and recommendations to realign and strengthen the Strategy.

The key findings and recommendations of this review are as follows:

Demographic trends

- Redland City has an ageing population with only 8,500 of the additional 42,500 new residents forecast for the City to 2031 being in the prime working age of 20-64. This will result in a reducing labour force participation rate in the City.
- Per capita income across Redland City is strongest at Wellington Point, Ormiston, Sheldon-Mt Cotton and Cleveland, with the major centres of Capalaba and Victoria Point recording comparatively lower average income levels.
- Residents that work as managers, professionals and community and personal service workers increased as a proportion of the total workforce over the last 10 years.
- To realign the Strategy to address the ageing of the population the following recommendations are made:

1. Increase employment opportunities for the younger demographic to encourage an inflow of younger working age;

2. Concentrate on the level of local job growth rather than self-sufficiency;
3. Encourage growth in industries that attract an inflow of labour force;
4. Potential to develop an employment precinct in Birkdale to attract working age residents within Brisbane.

Industrial lands review

- This review has confirmed the finding of the Centres and Employment Strategy (2010) that the City's existing network of industrial lands provide sufficient opportunity to accommodate forecast demand for industrial land to 2031. Recent demand for industrial land (2006-2011) lower than that forecast to be required by the Strategy.
- In the longer term, there is opportunity to more efficiently utilise existing industrial lands in the City encouraging re-development of underutilised industrial sites through amending the site coverage, height and setbacks in the Planning Scheme to align with best practice in the region. In addition, consideration should be given to focusing investment strategies on population serving industrial activity that requires being located within the City.
- Should Council seek to provide an additional industrial area to attract export orientated industry this review has identified a set of essential criteria for a regionally competitive export orientated industrial area. By reviewing the essential criteria this review suggests any new area should be in close proximity to Capalaba, located on a major existing piece of infrastructure with ease of access to the Brisbane Port. A site that potentially meets the criteria exists in Birkdale and could be investigated further.
- The former Thornlands Integrated Employment Investigation Area does not meet the essential criteria for a successful regionally competitive industry area. Establish a portion of the area as a Rural Enterprise Precinct in line with the Rural Futures Strategy (2012) based on an assessment of the land requirements for this precinct.

Investment profile

- An analysis of projects that are recently completed, proposed or in the early planning phase shows that six of the top ten projects by estimated value are within the Health Care and Social Assistance industry.
- Given the ageing profile and socio-economic characteristics of the City there is a strong level of investment within the Aged Care and Social Assistance industry. Investment in this industry is expected to continue to outweigh the other industries as the population of the City continues to age. As a result of this ageing population, it is expected employment within this industry sector will surpass the Retail sector as the greatest employment industry in the City.

- Other property sectors with significant future investment include Education and Training and Mixed Use Projects (residential with retail and commercial).
- Non-employing businesses comprise the majority of businesses in the City and are dominated by individuals working in the construction industry. This suggests a high level of sub-contractor trade workers.
- There were around 112 additional businesses in 2011 compared to 2009 in the City. Of these a large proportion comprised non-employing businesses within the Professional, Scientific and Technical Services, Financial and Insurance Services as well as Administrative and Support Services.

Employment analysis

- Total employment within the City has grown from 32,095 jobs in 2006 to 35,593 jobs in 2011. This represents local employment growth of 3,498 or 11%. The majority of employment growth within Capalaba (1,484 jobs), Victoria Point (769 jobs) and Cleveland (513 jobs).
- The top five growth sectors include Health Care and Social Assistance (1,235 jobs), Professional, Scientific and Technical Services (565 jobs), Accommodation and Food Services (445 jobs), Education and Training (411 jobs) and Construction (337 jobs). The top five growth sectors made up 85% of the total employment growth in the City from 2006 to 2011.
- The top five growth industries (by four digit ANZSIC Code) between 2006 and 2011 included Hospitals (417 jobs), Computer System Design and Related Services (333 jobs), Takeaway Food Services (314 jobs), Primary Education (204 jobs) and combined Primary and Secondary Education (195 jobs).
- Industries that have grown as a result of an ageing population and are within the top 30 industries include Hospitals (417 jobs), Other Social Assistance Services (285 jobs), Aged Care and Residential Services (188 jobs), Pharmaceutical, Cosmetic and Toiletry Goods Retailing (93 jobs) and Other Allied Health Services (78 jobs).
- The employment growth experienced in the City from 2006 to 2011 is lower than forecast by the Centres and Employment Strategy by 800 jobs. This period has represented a relatively slow employment growth period across the region. Going forward, employment growth is forecast to decline with the ageing population and subsequent declining resident workforce.
- It is recommended that the overall employment forecasts to 2031 of the Strategy be slightly adjusted to account for slow employment growth over the last census period from 50,009 in 2031 to 48,908. To address the ageing of the local workforce it is recommended to encourage an

in-flow of working age residents by providing regionally attractive employment. It should be noted that the revised employment forecasts do not take account of a reinvigorated rural economy as proposed by the Rural Futures Strategy or providing a new export orientated industry area at Birkdale.

- The City workforce increased from 61,733 in 2006 to 67,959 in 2011. This represents growth in the workforce of 6,226 or 10%.
- The City rate of employment self-sufficiency (the proportion of working residents to the number of City jobs) improved slightly between 2006 and 2011. The City was the only local government area out of Gold Coast, Brisbane and Tweed to record any improvement in the self-sufficiency rate over this period. This builds on steady improvement in employment self-sufficiency in the City that has seen it increase from 46.5% in 1996 to 50% in 2001 and 52% in 2006. This is a positive sign for a growing economy.
- The overall City rate of employment self-containment (the proportion of working residents that are employed in the City) remained the same as in 2006 at 40%.
- The City experienced a slight decline in employment diversity from 2006 to 2011. The City has moderate employment diversity compared with other local governments in SEQ.

Role and function

- Capalaba is predominately a retail and commercial destination accommodating the highest number of jobs of any of the City suburbs. Capalaba has a very high proportion of Retail Trade (26.7%) and Manufacturing (12.1) employment.
- Cleveland is primarily positioned as the administrative hub of the City and accommodates the highest number of jobs per hectare in the City at 7.4. Cleveland has high proportions of Medical (Health Care and Social Assistance), Administration (Public Administration and Safety) and Retail Trade jobs. Collectively, these industries account for almost 44% of employment in Cleveland, as would be expected in a Principal Regional Activity Centre.
- A significant proportion of employment growth in the City is forecast to be delivered by centre development. To realise forecast employment centre consolidation is required within Capalaba and Cleveland. Investment strategies and specific implementation plans together with associated marketing need to be developed to encourage private investment.
- Out of centre development should be developed only where required (e.g. essential convenience requirements).

- It follows that the key competitive advantages of Redland City are amenity, lifestyle, established education facilities, a growing market for health and social assistance and proximity to a significant and diverse natural eco-system (i.e. Moreton Bay). To ensure a diverse and strong economy these advantages need to align with the employment strategy (this is reviewed in the following section).
- Conversely Redland City has limited supply of unconstrained land and therefore limited opportunities to provide affordable developable land. In addition the city is isolated to major freight routes when compared to its major competitors. Again, these comparative disadvantages should have implications on the employment strategy.

Table 9: Redland City Centres and Employment Review Strategy Realignment summary – URBIS

FACTOR/MEASURE	2010 STRATEGY	2012 REVIEW	ACTION/CHANGE/RESPONSE
INDUSTRIAL LANDS REVIEW			
<ul style="list-style-type: none"> ▪ Future of the Former Thornlands Employment Investigation Area 	<ul style="list-style-type: none"> ▪ n.a. 	<ul style="list-style-type: none"> ▪ Establish a portion of the former Thornlands Enterprise Precinct as a Rural Enterprise Precinct, hosting land uses such as those outlined within the Draft Redlands Rural Futures Strategy 	<ul style="list-style-type: none"> ▪ Determine the land requirement for a Rural Based Enterprise Precinct
<ul style="list-style-type: none"> ▪ Other Enterprise Precinct Opportunities 	<ul style="list-style-type: none"> • n.a. 	<ul style="list-style-type: none"> ▪ Determine appropriate locations close to Capalaba. Investigate potential to establish a 50+ha precinct on Old Cleveland Rd, Birkdale 	<ul style="list-style-type: none"> ▪ Investigate opportunity for export oriented enterprise precinct within Birkdale
<ul style="list-style-type: none"> ▪ Demand for Industrial Lands 	<ul style="list-style-type: none"> ▪ The current City's network of industrial lands and the integrated employment area at Redland Bay provides sufficient opportunity to accommodate forecast demand for industrial land to 2031 	<ul style="list-style-type: none"> ▪ Demand for industry uses will be in line with population requirements. Currently enough industry land to cope with forecast population growth at a regional level. Potential that sub-areas are increasingly constrained 	<ul style="list-style-type: none"> ▪ Growing at slower rates than forecast at the City level. ▪ Potentially review individual industrial areas by industrial use to determine the net supply equation by industrial area.
EMPLOYMENT ANALYSIS			
<ul style="list-style-type: none"> ▪ 2011 Employment 	<ul style="list-style-type: none"> ▪ 36,394 = number of 2011 forecast jobs 	<ul style="list-style-type: none"> ▪ 35,593 = actual jobs growth 	-801 Jobs
2031 Employment	<ul style="list-style-type: none"> ▪ 50,009 jobs realigned 	48,908 jobs realigned	-1,101 jobs
FUTURE ROLE AND FUNCTION OPPORTUNITIES			
Capalaba	<ul style="list-style-type: none"> ▪ 2,481 new in-centre jobs between 2006- 	<ul style="list-style-type: none"> ▪ 456 new employees within the centre (assumes Public Admin and Safety, Retail Trade, 	<ul style="list-style-type: none"> ▪ Continue to monitor in-centre development, currently in-centre growth is tracking in-

	<p>2031</p> <ul style="list-style-type: none"> ▪ 82,500 sq.m of additional in-centre commercial and retail floorspace (at an average of 33sq.m per employee) ▪ 13,500 sq.m of out-of centre retail and commercial floorspace ▪ Continuation of large format retail and commercial activities adjacent to the Major Centre Zone 	<p>Professional, Scientific and technical services, Admin and Support Services, Financial and Insurance Services, Information Media and Telecommunication</p> <ul style="list-style-type: none"> ▪ 15,000 sq.m with new employment assuming 33sq.m per employee 	<p>line with 2010 strategy</p> <ul style="list-style-type: none"> ▪ Last five years approximately 15.7% of the future 96,000 sq.m in-centre and out-of centre retail and commercial floorspace has been taken up
Cleveland	<ul style="list-style-type: none"> ▪ 2,481 new in-centre jobs between 2006-2031 ▪ 82,000 sq.m of additional in-centre commercial and retail floorspace (at an average of 33sq.m per employee) ▪ 523 new out of centre commercial and retail jobs growth between 2006 and 2031 ▪ 15,000 sq.m of out-of centre retail and commercial floorspace ▪ Continuation of large format retail and commercial activities adjacent to the 	<ul style="list-style-type: none"> ▪ -42 new employees within the centre (assumes Public Admin and Safety, Retail Trade, Professional, Scientific and technical services, Admin and Support Services, Financial and Insurance Services, Information Media and Telecommunication 	<ul style="list-style-type: none"> ▪ Continue to monitor centre development, recently centre growth has experienced negative growth over the last 5 years ▪ Identify catalytic projects to revitalise the centre

	Major Centre Zone		
Victoria Point	<ul style="list-style-type: none"> ▪ Potential to become a major centre under the Regional Plan 	<ul style="list-style-type: none"> ▪ Significant employment growth within the last five years ▪ Specific growth industries included accommodation and food services, retail trade and health care and social assistance 	<ul style="list-style-type: none"> ▪ Growing need for Victoria Point to become a Major Centre
Industry Growth	<ul style="list-style-type: none"> ▪ TBC 	<ul style="list-style-type: none"> ▪ Currently no star industries ▪ Huge potential opportunities 	<ul style="list-style-type: none"> ▪ Encourage development within potential wealth generators and those industries within the marginal economic zone

URBIS Recommendations

This review provides the following overall recommendations with respect to strengthening the Centres and Employment Strategy:

- Increase employment opportunities for the younger demographic. Encourage an inflow of younger working age;
- Concentrate on level of jobs growth rather than self-sufficiency;
- Encourage growth in industries that attract an in-flow of labour force;
- Leverage from specific educational and health opportunities;
- Consolidate centre growth and only provide out of centre development where deemed necessary;
- Investigate Birkdale opportunity as an employment precinct;
- Determine the land requirement for a Rural Based Enterprise Precinct;
- Prioritise key actions to realign the Strategy;
- Identify resource capacity and capability for prioritised actions; and
- Review preferred industry sectors for investment and identify required actions and projects.

In undertaking this review a number of insights and opportunities have been unearthed to facilitate increased economic growth across the City. In relation to this, Council should revise its Economic Development Strategy to focus on leveraging the City's competitive and comparative strengths aligned with

resource capacity and capability. This revision should identify clear catalytic projects that include a funding strategy.

Summary

Each of the documents reviewed by the consultants has identified a number of gaps that exist within existing Council policies and documents with various recommendations on how to address the policy gaps. The Draft Economic Development Strategy will need to consider these as part of the new strategy development and implementation.

The next section of the compendium will provide an overview of the gaps in Council policy and develop a SWOT analysis of the city economy

6. Redland City Gap analysis

The SWOT analysis of the city's economy is based around the gaps found through the various analyses of the previous council policies and strategies reviewed in the previous section. One of the key findings from this analysis is that the city has a competitive advantage in its location both to Brisbane and the Gold Coast and its proximity to the port and airport. One of the major weaknesses however is that the city is seen as a dormitory suburb of Brisbane, this however can also be a strength for the city. The city operates in a complex region in which the boundaries between localities are increasingly blurred with little recognition of local government borders by business and the broader population (BITRE, 2013).

Other strengths and future opportunities in the city will need to focus on the consolidation of Cleveland, Capalaba and Victoria Point as centres of employment and industry and promote the city's diverse economic and employment base.

6.1 Redland City SWOT Analysis

Table 10: Redland City SWOT analysis

SWOT ANALYSIS

Summary of Primary factors

S	Strengths <ul style="list-style-type: none"> • Visual amenity • Access to Moreton Bay & Bay Islands • Proximity to Brisbane City • Proximity to the airport and port • Established centres, Capalaba, Cleveland & Victoria Point • Diversified economy • Primary & Secondary education facilities 	W	Weaknesses <ul style="list-style-type: none"> • Seen as a dormitory suburb of Brisbane • Lack of transport infrastructure • Demand driven economy • Limited population growth • Small tourism sector • Lack of consolidated industrial land • Ageing population • Lack of a skilled local workforce • Internet access & speed • Marginal rural economy
O	Opportunities <ul style="list-style-type: none"> • Facilitate an increase in population • Growth through a targeted industry approach. • Increase the value of tourism to the local economy • Develop training facilities and programs to increase local skills • Re-develop Cleveland and Capalaba through their masterplans • Capitalise on the need for aged care facilities. 	T	Threats <ul style="list-style-type: none"> • Surrounding municipalities seen as more "open for business" • Better access to markets in other regions. • Eastern Busway & rail duplication not expected to be delivered in the short to medium term. • Lack of local business succession planning

Strengths

- **Visual amenity**

Redland City's proximity to the Bay and its natural environment provide a strong competitive advantage that must be optimised. The unique blend of bush, bay and island environments provides the city with an opportunity to capitalize on these assets to create meaningful experiences for residents and visitors alike.

- **Access to Moreton Bay & Bay Islands**

Apart from the Whitsundays, this is the only other city with a grouping of islands within our city limits. This provides the city with a unique opportunity to leverage the strength of such a competitive advantage by creating opportunities for these island communities to prosper through the development of tourism based opportunities.

- **Proximity to Brisbane City**

Being only 25kms from the Brisbane CBD is another key strength, in that it allows the city the opportunity to attract new residents, businesses and visitors alike to our city. Local businesses also have access to a broader Brisbane market providing access to new customers.

- **Proximity to the airport and port**

The northern part of the city, Capalaba and Birkdale in particular are within 20 kms of Brisbane Airport and the Port of Brisbane linked directly via the Gateway Motorway and Old Cleveland Road. This is an important advantage in that it provides businesses with access to national and international markets whilst maintaining a local presence.

- **Established centres, Capalaba, Cleveland & Victoria Point**

The city's three key centres are already positioned as important contributors to the local economy. Capalaba is the City's retail and commercial hub and employs the highest number of people in the Redland City with retail and manufacturing being the highest employers.

Cleveland has been positioned as the administrative hub of the Redlands and has also been developing a growing presence in the health care and social assistance areas. Victoria Point has also been steadily developing a strong focus on retail. All three have the potential to become principal regional centres of activity building on their current strengths to further develop their contributions to the local economy.

- **Diversified economy**

The city's economy has benefited from a relatively broad industry sector base. This diversification has seen the city's GRP continue to grow at an average rate of 3.5% between 2001 and 2012. This is a significant strength which assists in developing a resilient local economy.

- **Primary & Secondary education facilities**

The city boasts some of the best primary and secondary education facilities in the state, and is a strength that has perhaps been overlooked in the past. Moving forward, the strength in the education sector will need to be leveraged as the city looks to further develop this sector as well as the tertiary sector including vocational education and training.

Weaknesses

- **Seen as a dormitory suburb of Brisbane**

Many see Redland City as a great place to live yet commute to Brisbane for work. This potentially weakens the economy through leakage due to the thousands of people that leave the city to work elsewhere in the region and take their disposable income to Brisbane and other areas.

Whilst completely stopping this leakage is impossible reducing it is a key focus for Council because in addition to leakage, the “dormitory” view also weakens the ability to attract investment

- **Lack of transport infrastructure**

Key to removing this point as a weakness for the city is the delivery of the Eastern Busway as well as the Cleveland rail line duplication. These major projects will greatly increase the City’s transport capacity. The major issue is that Council is limited to lobbying the State and Federal governments to progress these key projects.

- **Demand driven economy and limited population growth**

The city’s economy is primarily population demand driven, which means that it relies on population. Some of the city’s key industry sectors such as construction and retail are demand driven sectors that rely on population growth to deliver increases in demand. Over the past few years the city has experienced a slowing in population growth and this has contributed to a slowing in construction and retail demand.

- **Small tourism sector**

The City’s tourism sector contributes just 1.4% to the city’s economy and employs the equivalent of 2.8% of the City’s total workforce. The sector is characterized by small operators and a lack of products. This means that it is not leveraging the City’s visual amenity or proximity to the bay and islands in order to attract more visitors and increase their length of stay.

- **Lack of consolidated industrial land**

This means that there is a lack of available land for a significant industrial precinct and makes the city uncompetitive when compared to the Gold Coast, Logan and Ipswich.

- **Ageing population**

This challenge is a weakness that impacts a number of key areas. Firstly, as identified by the UQ business survey, many of the City's business owners are looking at retiring and exiting their businesses. Many of these don't have a succession plan in place and if they can't sell, are likely to close down. The ageing population also weakens local business' ability to access a skilled workforce, as the number of workers diminishes over time. The ageing population will also put increasing pressure on health and social services.

- **Lack of a skilled local workforce**

This was also identified as an issue by the UQ business survey. One of the key factors impacting this challenge is the City's lack of vocational educational and training (VET) facilities. There has been a distinct lack of strategic planning in relation to the skills required by local business and the training programs delivered in Redlands.

- **Internet access & speed**

A major infrastructure weakness that impacts local business' ability to compete locally, nationally and internationally. It also stifles innovation and creativity and has the potential to create leakage to other regions where there is access to the NBN.

- **Marginal rural economy**

Figures from the National Institute of Economic and Industry Research show that in 2011/12 the rural sector accounted for only 1.5% of the Redlands economic output and 1.3% (FTE by industry) of the workforce. This coupled with limited land availability make any rural strategy difficult to implement. The sector's size makes it impossible to leverage economies of scale necessary to enable the sector's ability to focus on export opportunities and grow.

Opportunities

- **Facilitate an increase in population**

There is an opportunity for Council to facilitate population growth through the planning scheme. Making land available for residential development and providing the right policy settings for that development to occur are important considerations that need to be evaluated.

- **Growth through a targeted industry approach.**

The Economic Development Strategy 2014-2041 has identified seven key industry sectors that have the potential to deliver local economic growth. There is an opportunity for Council and the business community to work together to develop industry action plans that will assist in targeting activity into areas that will deliver the best returns in order to grow those sectors and increase the city's economic capacity.

- **Increase the value of tourism to the local economy**

While the current value of tourism to the city's economy is just 1.4%, there is an opportunity to extract more value from the sector. Working with service providers council can facilitate growth through policy settings and the

provision of infrastructure to encourage tourism operators to expand existing products and services develop new products.

Council also has the opportunity to provide leadership and assist in the co-ordination of industry growth initiatives. The City needs to embrace tourism as a potential key source of economic growth so that Redlands becomes a tourism destination in South East Queensland.

- **Develop training facilities and programs to increase local skills**

There is a significant opportunity for council to facilitate the development of training facilities that will provide programs to meet the needs of local businesses and facilitate their growth while at the same time increasing the capacity and capability of the local workforce.

- **Re-develop Cleveland and Capalaba through their master plans**

Whilst much planning has been undertaken to re-develop Capalaba and Cleveland through a master plan process, little has been achieved by way of implementation and a lack of development in these two important centres has the potential to limit the growth of local business and the economy. There is an opportunity for Council to facilitate this process by pro-actively encouraging investment in these two centres either through a council led landmark project to kick start development or through extending the current investment attraction strategies (for Cleveland only at this stage) that deliver the desired outcomes.

- **Capitalise on the need for aged care facilities.**

The ageing population provides an important opportunity to develop a significant aged care sector in the City that will augment the strengthening health care sector and provide a boost to the local economy by providing positive inputs through a number of sectors including; construction, retail, health and allied services. Council can facilitate the provision of aged care facilities and once again encourage investment in this area.

Threats

- **Surrounding municipalities seen as more “open for business”**

The low population growth may force some businesses to relocate to areas of higher growth where Council have been encouraging growth through policy settings.

The continued use of land for low value rural purposes, prevents highest and best use functioning of this land and businesses may seek other regions as they look to grow and develop.

Access and speed of internet services in the Redlands continues to be a growth inhibitor to local business. The limited NBN rollout in the city compared to surrounding LGA's is a significant threat to competitiveness.

- **Better access to markets in other regions.**

LGAs with a higher population growth and access to good transport corridors will continue to be a major threat to the City's economic growth as business leave the Redlands to be closer to the customer base or for better access to customers.

- **Eastern bus way & rail duplication not expected to be delivered in the short to medium term.**

These two major infrastructure projects are important catalysts for growth in the city. The fact that neither is expected to be delivered in the short to medium term is a major threat to growth. Attracting new residents that commute to the City and other parts of Brisbane becomes more difficult, as does increasing the number of visitors to the city through ease of access to public transport.

- **Lack of local business succession planning**

This threat was identified by the UQ Business Survey and is a significant threat to the growth of the local business community. Redland City has a mature business sector and many owners are looking at retirement and exiting their businesses. The survey revealed that many businesses did not have a succession plan and if owners could not sell then they would simply close down. The survey also identified a lack of new entrants to the market which means that if departing businesses aren't replaced it diminishes the economic capacity of the City.

Summary

A SWOT analysis does not in any way constitute policy framework for the city, it is merely designed to encourage debate on what the opportunities are for the city and how it can overcome weaknesses and threats and use its strengths and capitalize on its competitive advantages.

Local governments and even state and national governments are limited in their capacity to influence economic outcomes and growth will occur independent of their actions. The next section will focus on future economic growth for the city and will be based on modeling being undertaken for the city by the National Institute for Economic and Industry Research that is modeling future employment scenarios for the city to 2041 (this has yet to be publically published). In addition, the analysis will draw on forecasting work undertaken by the Australian Workforce and Productivity Agency, Deloitte Access Economics, The Productivity Commission and the former Department of Education, Employment and Workplace Relations.

7. Future economic growth

The future economic growth looks at the emerging trends across the ANZSIC Industry Classifications and the future growth potential for these industry sectors in the city. The analysis will rely on research that has been conducted by the Australian Workforce and Productivity Agency, the Department of Education and Department of Employment (formerly the Department of Education, Employment and Workplace Relations (DEEWR)), Queensland Treasury and Trade, Council of Mayors South East Queensland (COMSEQ) small area labour forecasts for Redland City (yet to be made public), Queensland Treasury and Trade and the Urbis review of the Redland City Centres and Employment Strategy.

The use of an extensive range of national, state and local forecasts has been used to provide insight into what trends are occurring in industry employment and output in order to provide a better understanding of what the city needs to do to continue to diversify its economic base. The analysis is not an exhaustive overview of the available research; however it is derived from a diverse range of sources enabling a more considered approach to the future growth forecasts and the strategies required to ensure the growth potential is realised.

Redland city is located in close proximity to Brisbane City (28km from Cleveland) and the Gold Coast (63km from Redland Bay to Southport), forming part of the conurbation that is South East Queensland. The region is the most densely populated in Queensland and the third most densely populated region in the country. There are 11 Local Government Areas located in the South East Queensland region which including Redland City comprise Brisbane City, Logan City Council, Gold Coast City Council, Sunshine Coast Regional Council, Toowoomba Regional Council, Ipswich City, Scenic Rim Regional Council, Lockyer Valley Regional Council, Moreton Bay Regional Council, Somerset Regional Council (COMSEQ, 2012).

Strategic planning in the region has been developed to assist in guiding economic development priorities, manage population growth, providing infrastructure, protecting the environment across the South East Queensland local government areas. The current regional planning process has been in place since 1990 and was adopted in response to the rapid growth occurring in South East Queensland in particular in an effort to manage the growth in a more sustainable coordinated approach (COMSEQ, 2011). The regional planning process is a developed in cooperation with local governments, the community and stakeholders. The plan identifies the following:

- desired regional outcomes
- policies and actions for achieving these desired regional outcomes
- the future regional land use pattern
- regional infrastructure provision to service the future regional land use pattern
- key regional environmental, economic and cultural resources to be preserved, maintained, or developed. (BITRE, 2013)

The Regional Plan in turn informs the local planning regime by guiding the key themes for the local planning scheme. The new South East Queensland Regional Plan will be based around forecasts to 2041, with the new Redland City Planning scheme due to come into effect in 2015 and be based around a timeframe to 2041 in order to mirror the SEQ Regional Plan. The key to the strategic planning process is to recognise the interconnectedness of South East Queensland and ensure that future development in the region is integrated (COMSEQ, 2011). The future development of Redland City economically, socially, environmentally and culturally needs to recognise the importance of this relationship and plan accordingly for the two-way trade of goods and services that associated with the integrated economy of South East Queensland.

The previous regional plan recognised that strong population growth averaging 2.0% p.a. would occur in South East Queensland to 2031, with the Brisbane Statistical Division (which includes Redland City) expecting 1.8% growth (ABS, 2008). The same forecasts predict that an additional 783,000 jobs will be added with 70% of that jobs growth occurring in the Brisbane region (BITRE, 2013). This will have implications for the region in terms of pressure on infrastructure notably in regards to the public transport and road networks, with potential increases in commute distances and times (BITRE, 2013). The implications for Redland City are that it will continue to attract outward migration to surrounding regions for employment and in order to ensure that it remains an attractive place to live, investment in transport links needs to be ongoing and ensure that an efficient two-way continued flow of goods and services between the city and the region can occur.

It has been estimated that future economic growth in Australia will come from agribusiness, gas, international education, tourism and wealth management, which together have the capability to equal the importance to the national economy that mining currently enjoys (Deloitte, 2013). In addition to this, however research conducted from a diverse range of sources has identified a number of other growth industry sectors that will play an important role in contributing to the nation's future economic growth (Deloitte, 2013, Australian Workforce and Productivity Agency, 2013, NIEIR, 2014). These sectors have been termed by Deloitte as the Deloitte Growth 25 (Deloitte, 2013) and whilst not all of the sectors have relevance to this city there are a number where the city has some competitive advantages and that could deliver potential additional future economic growth for the city. The 25 sectors are listed below as per the Deloitte report, with those of relevance to Redland City placed in bold.

Table 11: Deloitte 25

CURRENT WAVE	
Next Wave	1. MINING 2. Agribusiness 3. Gas 4. Tourism 5. International education 6. Wealth management
Future Waves	7. ICT – gateway to the future 8. Financing the Fantastic Five 9. Clean coal 10. Gas transport 11. Food processing
Global Slivers	12. Disaster management and preparedness 13. Next-gen solar 14. Next-gen nuclear 15. Medical research 16. Ocean resources
Local Heroes	17. Community and personal care 18. Retirement living and leisure 19. Reskilling an ageing workforce 20. Financing the future 21. Residential aged care 22. Preventative health and wellness 23. Digital delivery of health 24. Private schooling 25. Parcel delivery

In addition to the Deloitte study the Australian Workforce and Productivity Agency, Queensland Treasury and Trade, COMSEQ and the Redland City Centres and Employment Strategy review identified some key industry growth sectors that will define the city’s economy over the coming decades. The next section will review the ANZSIC growth sector forecasts using these references as the basis for the forecasts, with an overall summation of the key growth sectors for the city to 2041.

It is important to note that future growth in population (or demand driven) sectors such as construction, Education and Training, Healthcare and Social Assistance and Retail will potentially be curtailed by lower projected population growth to 2041. In order to meet average annual GRP growth of 3% to 2041 the city will need to substantially lift export oriented and value-add industries, and/or aim for higher population growth.

This compendium is awaiting further analysis on the city’s economy that is being undertaken by the National Institute for Economic and Industry Research (NIEIR) on small area labour (SLA) forecasts for the city to 2041. In addition Queensland Treasury and Trade are also releasing LGA employment forecasts for the city to 2041 which will be incorporated into the research compendium data once it is made publicly available.

7.1 Total Industry Output

This section is awaiting analysis from the National Institute for Economic and Industry Research. This will be published when the data is made available for public consumption.

7.2 Employment baseline

This section is awaiting analysis from the National Institute for Economic and Industry Research. This will be published when the data is made available for public consumption. The following employment baseline scenarios have been modelled from a number of sources including modelling undertaken by Deloitte, the Australian Workforce and Productivity Agency (AWPA), the Department of Employment and the Department of Training, the Productivity Commission, CSIRO and work that Redland City has commissioned from Urbis in a review of the Redland City Centres and Employment Strategy (which has not yet been adopted by Council). The employment modelling scenarios have only been undertaken to 2031, with 2041 modelling still awaiting publication from the National Institute for Economic and Industry Research Small Area Labour forecast modelling. As such Council acknowledges the limitation of the data and hence employment forecasts.

7.3 Construction

Employment in the construction sector is forecast to grow over the next decade by 9.2% p.a. which is expected to be lower than the average for other industries (AWPA, 2013). In some sub-sectors of the industry there is expected to be a decline in the workforce due to slowdown within the sector and also structural changes occurring in the economy (DEEWR, 2013). The sector has strong alignments with a number of other key industry sectors, notably retail, manufacturing, wholesale and professional services. The table below highlights forecast employment projections for the construction sector in the city to 2031, showing continued strong growth.

Table 12: Redland City employment projections construction 2031.

ANZSIC DIVISION	2015-16	2020-21	2025-26	2030-31
Construction	5,665	7,062	7,778	8,358

Within the sector, growth is expected for labourers, structural construction tradespeople and plumbers in particular, however growth in all occupations will be lower than the national average (ABS, 2013). However within certain categories strong growth is expected to trend above national averages, notably for building and engineering technicians, construction, distribution and production managers and mobile plant operators (AWPA, 2013). Some sub sectors of the industry will experience some shortages associated with an ageing workforce that could impact on the city that may force up prices for labour and will require programs to ensure that skills shortages can be minimised (DEEWR, 2013).

Within Redland city, the sector is expected to maintain growth in both employment and output, notably due to projects associated with the PDAs at Toondah and Weinam Creek (Jones Lang La Salle, 2013). The sector is currently the city largest contributor to GRP and one of the largest employers and is a foundation stone of the local economy (URBIS, 2013). The sector's contribution to GRP is forecast to remain similar to current levels, with the possibility of a slight decline due to slower activity associated with lower forecast population growth (AWPA, 2013).

The sector is also forecast to see continued high growth in the number of workers with vocational qualifications (as is currently the case) and highlights the role that vocational education and training play in the sector. However, it is also forecast that the number of professionals working in this sector with a Diploma, or Bachelor degree will grow faster than the national industry average, with a 25% increase to 2025 (AWPA, 2013).

7.4 Manufacturing

This sector is forecast to continue to be one of the foundation stones of the city's economy over the coming two decades, and has the potential to be a leading sector for the city. The sector is currently the leading contributor to the city's export accounting for 44% of all exports, however it also accounts for 34% of all imports (NIEIR, 2014).

The forecast for this sector is continued structural repositioning due to changes associated with technology, productivity improvements through more capital intensive work methods, decline in traditional labour intensive manufacturing industries and strength of the Australian dollar (Deloitte, 2013). In addition, many of the workers in this industry tend to have little or no formal qualifications, along with a deficit in literacy and numeracy (AWPA, 2013).

The strongest sub-sector growth in this sector will be associated with Food, beverage and tobacco products, followed by machinery and equipment and petroleum, coal, chemical and rubber products. In Redland City, the major sub sectors are Food, Beverage products, followed by Machinery and equipment and Primary Metal and metal product manufacturing. Table 12 below highlights the key sub sectors for the city, showing the city is well placed to take advantage of the expected growth in the key sub-sector (NIEIR, 2014).

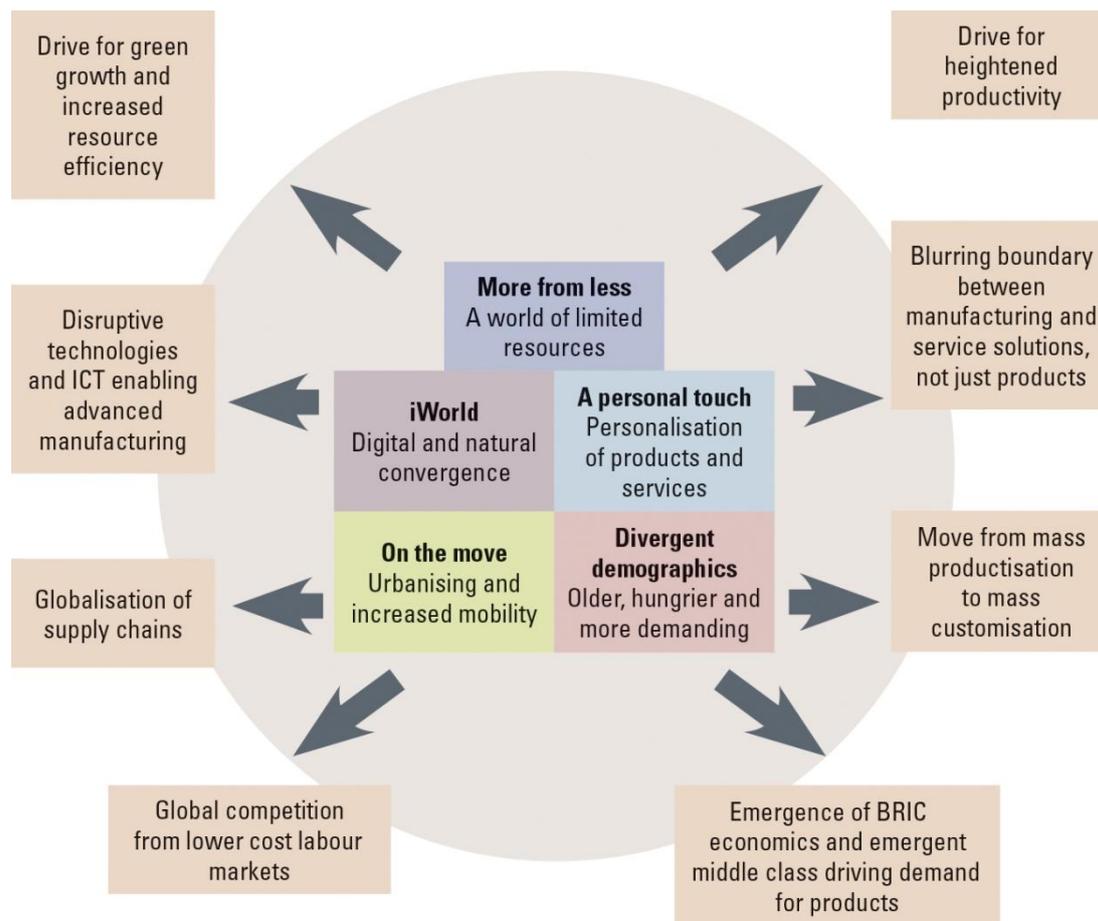
Table 13: Redland City Manufacturing output by sub sector

Redland City - Constant prices Industry	2012/13		
	\$m	%	Queensland %
Food Product Manufacturing	510.6	37.9	21.1
Beverage and Tobacco Product Manufacturing	118.5	8.8	4
Textile, Leather, Clothing and Footwear Manufacturing	29.7	2.2	1.3
Wood Product Manufacturing	51.2	3.8	3.2
Pulp, Paper and Converted Paper Product Manufacturing	27	2	1.9
Printing (including the Reproduction of Recorded Media)	37	2.8	2.7
Petroleum and Coal Product Manufacturing	9.4	0.7	3.4
Basic Chemical and Chemical Product Manufacturing	46	3.4	6.8
Polymer Product and Rubber Product Manufacturing	67.7	5	8.2
Non-Metallic Mineral Product Manufacturing	38.8	2.9	5.4
Primary Metal and Metal Product Manufacturing	93.7	7	17.8
Fabricated Metal Product Manufacturing	63.6	4.7	5.5
Transport Equipment Manufacturing	73.6	5.5	8
Machinery and Equipment Manufacturing	160.2	11.9	9.5
Furniture and Other Manufacturing	18.7	1.4	1.3

Deloitte (2013) have found that Australia is well placed to take advantage of the growth that is expected in the food (and beverage) processing that will occur as a result of the growth in middle income class across the Asia-Pacific region in particular and the expertise that Australia has in food processing, along with a reputation for quality products in this area.

One of the key drivers for change in manufacturing moving forward in the developed world and therefore Redland City is trade liberalisation, globalisation of supply chains in the sector, more intense competition and changing patterns of consumer demand (CSIRO, 2012). The Commonwealth Scientific and Industrial Research Organisation (CSIRO) have undertaken research on global megatrends in the sector. Their findings highlight that the shift of manufacturing to lower cost economies highlights the need for manufacturing companies to become increasingly innovative and more productive. The study found that Australia (and notably South east Queensland) is well positioned to take advantage of opportunities in Asia, due to the country's location in the region and the ability to focus on becoming a key player in global value chains and growing Asian domestic demand (CSIRO, 2012). These factors will increasingly affect the sectors demand for skilled workers (AWPA, 2013). Figure below provides a summary of the global trends that will impact on the sector and the advantages that Redland City can attain, by focusing on continuing to build its export strength in this sector.

Figure 5: Global trends impacting manufacturing (CSIRO)



7.5 Retail Trade

Retail trade has until the last census consistently been the city's major employment sector and one of the major sectors for output in the city, a trend that is mirrored nationally where the sector accounts for 10.5% of the workforce and 4.8% of national output (AWPA, 2013). The majority of workers in the sector are employed by large enterprises (200+), followed by small-scale organisations (<20) (NIEIR, 2013).

The majority of people employed in the sector are (74%) are under the age of 45 and employed part-time (48%) trends consistent nationally and at a state level (ABS, 2013). These trends are forecast to continue in the sector, with a continuation of the trend towards part-time and casual employment, consistent with changing consumer trends in the sector, associated with shifts to online retailing (currently online retailing in Australia accounts for less than 5% of all transactions) (NIEIR, 2013).

The largest occupational group in the sector are sales assistants, retail managers, sales support workers and pharmacy assistants (AWPA, 2013). Future employment growth in the sector is expected to be consistent with national averages, of only slightly below, with growth expected for retail managers, sales support assistants, store persons, butchers and small goods makers and sales assistants. Demand for pharmacists is expected to decline to 2018, but rebound early in the next decade due in part to changing demographic factors (Productivity Commission, 2013).

The demand for skills and qualifications in this sector has traditionally been weak, with a large proportion of the work-force consisting of students, school leavers and part-time workers (AWPA, 2013). Nearly two-thirds of workers hold no post-school qualifications, a trend that is expected to continue in the short-term, however increasingly will change as demand for skilled and qualified workers in the sector grows associated with structural changes to the sector (Productivity Commission, 2013). This will be particularly the case with retail managers in the sector, of whom almost half currently hold no post school qualifications (AWPA, 2013). Future workforce education and training in the sector is expected to be focussed around Vocational Education and Training, with management positions increasingly expected to attain Diploma, or Bachelor qualifications (AWPA, 2013).

7.6 Wholesale trade

The wholesale trade sector includes material wholesaling, motor vehicle wholesaling, motor vehicle parts, machinery and equipment, grocery, liquor and tobacco, furniture, books and jewellery, amongst others (AWPA, 2013). The wholesale trade sector contributes to only a small proportion of the workforce in both the city and at a state and national level. It is however an important sector in terms of output, nationally accounting for a larger percentage than the retail sector (a trend not mirrored by the Redlands economy) (NIEIR, 2013).

The sector is forecast to experience relatively strong growth in a number of occupational categories notably technical sales representatives and assistants, importers and wholesalers and accounting clerks, with lower growth for transport drivers in the medium term.

Future employment demand in the sector is expected to increase the requirements for post-school qualifications (currently nearly 50% of those employed in the sector have no post school qualification), due to the increased demand for technical expertise associated with structural changes in the sector (AWPA, 2013). It also expected that growth associated with online sales and increased exports to the Asia-Pacific region will drive some employment growth in the sector, alongside increased output (AWPA, 2013).

7.7 Professional, Scientific and Technical Services

This sector incorporates a range of services from scientific, to architectural, legal and accounting services, engineering services, advertising, statistical services, veterinary services and computer system design services as some examples in the city (ABS, 2013). The sector has been experiencing strong growth in the city (and nationally), albeit coming from a low base, with the sector expected to grow strongly over the coming decade associated with increased demand for expertise both in Australia, but also within the Asian region (AWPA, 2013).

The sector is dominated by small enterprises, a trend observed at state and national levels, with future growth forecast to continue in these enterprises (Deloitte, 2013). The demand for skilled, well qualified workers in the sector is

also set to continue, as currently well over half the people employed holding a Bachelor degree or higher (ABS, 2013). Future trends for the sector indicate that the demand for those holding Bachelor degrees or higher is forecast to strengthen in line with increased demand for employees in this sector, particularly Accountants, Software and Application programmers and Management and Organisation Analysts, with some decline expected in Civil Engineers, Bookkeepers and Graphic and Web designers (Productivity Commission, 2013).

In addition, the sector has potential to be an even larger export generator for the city due to the nature of the occupations associated with the sector and the output generated by the sector (AWPA, 2013). In addition, the sector has the most value-add per worker in the city, a trend occurring on a state and national scale and one that the city needs to encourage if it is to realise future growth potential in the sectors contribution to the city's GRP.

7.8 Healthcare and Social Assistance

This sector is now the largest industry sector by employment at a national, state and local level. The growth in the sector has been attributed to the ageing population, population growth, societal changes and increased health related problems such as diabetes and obesity rates (Productivity Commission, 2013). The growth rates experienced in the last decade in the sector are expected to continue, albeit at a slightly reduced rate, however in certain sub-sectors (such as aged care and disability support) growth will be well above national employment growth (Deloitte, 2013).

In all employment categories of the sector, growth is expected to be above national averages, with some areas of employment expected to show significant demand driven growth. These include general practitioners, aged and disabled carers, registered nurses, nursing support and child carers (AWPA, 2013). In Redland City, there is potential for the city to specialise in aged care, due to the ageing population (currently the city median age is 6 years above state and national trends and this gap is forecast to widen out to 2031), with the sub-sector enjoying strong growth in employment and output since 2006 (ABS, 2013).

Workforce development in this sector can be closely aligned to the National Health Workforce Innovation and Reform Strategic Framework for Action 2011-2015 developed by Health Workforce Australia. This framework was developed with the aim of providing a national platform for future health workforce policy and planning in Australia. The policy sets out key priority areas for the sector and five essential domains for innovation and reform to create an integrated and high performing workforce (Health Workforce Australia, 2012).

The sector has one of the most highly educated workforces in the economy, with over three quarters of the workforce holding post-school qualifications, with two in five workers holding a Bachelor degree or higher. This is expected to continue over the next decade, as demand for skilled workers continues and intensifies, associated with the increased use of technology and

increased specialisation in the sector. In addition to Bachelor and higher degrees, growth is also expected in vocational and certificate and diploma qualifications (AWPA, 2013). The growth in the sector is expected to be realised through demand for skills in the areas of primary medical care, diagnostic and allied health fields and also in child, aged and residential care (Health Workforce Australia, 2012)

7.9 Transport, Postal and Warehousing

The sector covers transportation of passengers and freight by rail, road, air and water, along with postal services and warehouse and storage services. This sector has one of the most aged workforces in the city and is reflected at a state and national level, with close to 50% of the workforce aged 45+ (AWPA, 2013). At national, state and local levels this ageing workforce has implications for future workforce planning and labour supply that will need to be addressed to prevent possible future labour shortages in the sector. In addition to this, the sector is made up of predominantly male workers (78%) a trend that is set to continue over the coming decade (AWPA, 2013).

The sector is primarily dominated by large and small scale enterprises that combined account for over 80% of firms, with little change expected in this ratio; however some consolidation is expected to occur due to mergers and acquisitions (Australian Industry Group, 2013). The sector is an important contributor to value-add (GRP) both for the city and at a national level, accounting for nearly 5% in the city and the same nationally (AWPA, 2013).

Growth across the sector is expected to be steady out to 2025, with employment growth expected to trend at the national level during that period (URBIS, 2013). The growth is expected to be strong in some sub sectors, very few of which have relevance for the Redlands. These sub-sectors include rail transport, other transport services, warehousing and storage services (where the city can expect some growth). There is expected to be negative growth both in employment and output in areas such as postal and courier services and road transport over that period, which will have an impact on future growth in the sector in Redland City (AWPA, 2013).

Education and training in the sector is dominated by people holding vocational qualifications, however, over 50% of the workforce hold no formal post-school qualifications (ABS, 2013). The trend as with all industries is predicted to change over the coming decades associated with structural changes to the sector, notably in the areas of management and technicians and trade workers. This growth will have implications for the city, as the workforce composition changes and an ageing workforce require either up skilling or retraining catering to the structural changes in the sector (AWPA, 2013).

7.10 Education and Training

The sector covers pre-school education, primary and secondary education, tertiary, adult and community education, along with flying and driving education and education support services. The sector is one of the key

employment sectors for the city and an import generator of economic activity, with strong growth potential for export generation, a trend that is occurring nationally (AWPA, 2013).

Nearly half of the sector is employed in medium-sized enterprises, with the remainder spread evenly between small and large enterprises (ABS, 2013). The sector employs the second highest proportion of female workers (69%) after the health care and social assistance sector (AWPA, 2013). This trend is forecast to continue, with little change in the make-up of enterprises in the sector, but growth forecast to 2025 in the number of businesses in the sector (AWPA, 2013).

The sector has the highest proportion of any of the ANZSIC sectors in terms of people employed with post-school qualifications and the lowest proportion of workers with no formal post-school qualifications (Productivity Commission, 2012). The trend will continue with an expected increase in the number of workers holding a Bachelor or higher degree, however the strongest growth will occur in those holding a certificate or diploma (AWPA, 2013).

The Australian Workforce and Productivity Agency, along with the Productivity Commission have called for VET sector workforce development planning to be undertaken in order to cater for the expected demand for teachers and trainers in this sector associated with industry demand for VET qualified workers (Productivity Commission, 2012, APWA, 2013). This workforce development planning has yet to be undertaken at either a state or federal level, however, Innovation and Skills Australia have developed a VET workforce capability framework aimed at supporting professional development in the sector. This framework describes the scope of activity of VET practitioners and the work that they undertake which may include training and assessment, learning services, instructional design, or working to link enterprises with Registered Training Organisations (RTO's) (Australian Council for Private Education and Training, 2012).

Growth in this sector is expected to be particularly strong for primary and secondary school teachers and it is expected that workforce planning will be required in this area in order to ensure that there is a balance between supply and demand in the sector (AWPA, 2013). In Redland City this sector of the economy, particularly in the sub-sector of primary and secondary education is an area where the city enjoys a competitive advantage and enjoys a strong reputation for the quality of the schooling in the city (Urbis, 2013). Future growth for the city in this sub-sector is forecast to come from continued growth of families moving to the area (associated with the schooling) and also potential growth in international students who wish to use Australian schools as a conduit into the tertiary sector (Deloitte, 2013).

7.11 Financial and Insurance Services

The sector employs around 4% of the workforce at a national level, 2,5% at a state level and only around 1.5% in Redland City (NIEIR, 2013). The sector is however an important generator of economic activity, accounting for a little over 3% of the city's value-add, or over three times the amount of the

Agriculture, Forestry and Fishing Sector (NIEIR, 2013). A little over half of the sectors workforce is female and is employed in small enterprises, again a trend that is reflected at a national level (AWPA, 2013). Employment growth in the sector is forecast to continue favour females, with forecast growth expected to also continue to favour small enterprises (AWPA, 2013).

The sector's contribution to economic growth is forecast to grow over the next 15 years, with the sector noted as a potential wealth generator due to the high value-add per employee that the sector currently enjoys (which is nearly ten times that generated by the Accommodation and Food Services sector) (Urbis, 2013, NIEIR, 2013). Any future growth strategies will need to be considered in conjunction with strategies for the Professional, Scientific and Technical Services Sector due to the strong linkages between the sectors, which is particularly pronounced in the city (NIEIR, 2013).

Growth in occupations in the sector is forecast to rise in areas such as credit and loans officers, accountants, insurance agents, financial and investment advisers and managers. Overall bank workers are expected to decline as an occupation due to continued structural changes in the banking sector across the country (AWPA, 2013).

Educational attainment in the sector is characterised by those holding a Bachelor degree or higher (40%), with certificate and diploma level qualifications also higher than the national average (AWPA, 2013). The sector is forecast to enjoy strong growth over the coming decade, particularly for those holding certificate or diploma qualifications, where growth is expected to be above historical growth rates (AWPA, 2013).

7.12 Accommodation and Food Services

This sector is one of the city's major employment generating sectors, a trend seen on a national and state basis, with around 6% of the city's workforce employed in the sector (NIEIR, 2013). The sector has enjoyed employment growth above national averages over the last 8 years, however growth has been subdued since 2011 (NIEIR, 2013).

The sector is dominated by small enterprises, which employ over 50% of the workforce and the remaining workforce employed by medium enterprises (AWPA, 2013). This growth is expected to continue to be dominated by small enterprises, as the barriers to entry in this sector are less prohibitive than other sectors where financing and market barriers prohibit relative the relative entry and exit of firms associated with this sector (Australian Industry Group, 2013).

As with the retail sector, the age of the workforce is below the national average, with the majority of the workforce (50%) comprising those <24 years of age (AWPA, 2013). In a similar manner to the retail sector the accommodation and food sector is an entry point for the labour market and as such is characterised by workers with relatively little post-schooling qualifications, a trend that is expected to continue in the short-term. Over 60% of the workforce holds no post-school qualifications with a majority of the

workforce comprised of school leavers, students and part-time workers (AWPA, 2013).

Future employment growth in this sector for the city will continue to be dominated by part-time employment and it will continue to be a major employment generator for those entering the labour market (Urbis, 2013). Post school qualifications will continue to be of less relevance to the sector than in other sectors due to the nature of the sector; however some growth is expected for those holding certificate and diploma qualifications and for managers up skilling to Bachelor degree or higher qualifications (AWPA, 2013).

In the city, the sector is a foundation stone of the local economy and is forecast to continue to play a role in the growth of the broader tourism sector for the city, due in part to the proximity to the Brisbane and Gold Coast markets and the expected growth in these markets, particularly from overseas tourists (Urbis, Deloitte, 2013).

7.13 Other Services

This sector is broad as it encompasses a number of employment categories associated with the service economy. The sub-sectors include (but are not limited to); automotive services, machinery and equipment repair and maintenance, clothing, furniture and bicycle maintenance, hairdressing and beauty services, funeral crematorium and cemetery services, religious services, laundry services, personal services and religious services.

The sector is a diverse one that has enjoyed strong growth over the last decade and contributes to approximately 5% of the workforce (NIEIR, 2013). Growth in the sector has been strong over the last decade in employment and is forecast to continue over the coming decade due to increasing demand for services associated with the growth in time poor consumers, however the growth will be subdued compared to previous years (Deloitte, 2013). Continued strong growth is expected in occupations such as hairdressers, cleaners and laundry workers and mechanical engineers (AWPA, 2013).

Employment in the sector is dominated by those working in trade based occupations, with nearly 40% of all workers holding certificate based qualifications (AWPA, 2013). Future education and training trends indicate continued growth in the sector through the VET sector and have implications for the city, with a need to ensure that these training paths continue to be strengthened through schools, TAFE and other RTO's.

The workforce is equally divided between part-time and full-time work, with the majority of males working full time, whilst the majority of females work on a part-time basis (AWPA, 2013). This trend is expected to continue over the coming 15 years, due to the flexibility the sector offers particularly to female employees (Productivity Commission, 2013).

The sector consists primarily of small enterprises (two thirds of the sector) a factor attributed to the relative ease with which firms can enter and exit the sector associated with the relatively low barriers (AWPA, 2013). This trend will

continue over the coming years as the sector is attractive for start-up firms and micro businesses (AWPA, 2013).

7.14 Public Administration and Safety

The public administration and safety sector covers those employed in government (at all levels), justice systems, defence and public order and safety. The sector employs approximately 6% of the workforce nationally and 4% at a local level, with output from the sector contributing 4% of the city's total (NIEIR, 2013). Half of the sector is female and is characterised by an ageing workforce (NIEIR, 2013).

Future employment growth in the sector is forecast to be subdued at a national, state and local level due to increasing workforce reduction and consolidation associated with increased efficiencies within the sector (Productivity Commission, 2012). Growth in the defence sub-sector however is forecast to reverse this trend with strong growth expected above the national average to at least 2025 (AWPA, 2013). Growth is also expected to be strong for intelligence and policy analysts within the sector (AWPA, 2013).

The sectors contribution to value-add is also forecast to decline, relative to other sectors, again associated with government spending reductions and increased private sector involvement in former government funded services (AWPA, 2013). At the same time however, efficiencies associated with productivity improvements within the sector are expected to increase output per employee in the sector (Productivity Commission, 2013).

The sector will also experience continued growth in those with post school qualifications, which is currently slightly above the national average, particularly for those with a Bachelor degree or higher. This growth will continue with those in managerial and professional occupations expected to enjoy a large increase in the proportion of people holding Bachelor or higher degrees (AWPA, 2013). Those working in the community and personal services sub-sector are also expected to increase their qualifications, with the majority of this increase associated with certificate and diploma level qualifications (AWPA, 2013).

7.15 Rental, Hiring and Real Estate Services

This sector accounts for a relatively small proportion of the local economy, with similar levels of employment at a state and national level, however value-add in the sector in the Redlands is nearly twice the national contribution at 4% (NIEIR, 2013). The sector is dominated by small enterprises that account for over 75% of all businesses, a similar trend again nationally and at a state level. Females comprise over 50% of the workforce, with a slight bias towards part-time employment, over males (AWPA, 2012).

The sector has shown subdued growth over the last 5 years in particular, notably in the rental and hiring services sub-sector, however growth has been strong in the property operators and real estate services sub-sector (AWPA,

2013). The growth scenarios out to 2031 for this sector forecast continued contraction for employment in the rental and hiring services sub-sector, and ongoing strong growth (above national averages) for the property operators and real estate services sub-sector (AWPA, 2013). Table 13 below shows this anticipated growth under the assumption of continued growth within the sector at a national level, with similar employment growth forecast for the Redland city economy.

Table 14: Average annual employment growth 2011-2018 and 2011-2025

Industry	Long Boom	
	2018	2025
Rental, Hiring and Real Estate Services	3.0	2.2
Rental and Hiring Services (except Real Estate)	-1.8	-1.2
Property Operators and Real Estate Services	4.4	3.1
All industries	2.1	2.0

(Source: Deloitte, 2013)

Within the sector the largest occupational category is for Real estate agents who comprise 35% of the total workforce and constitute the largest occupational category of the sector (AWPA, 2013). The growth is expected to continue for this category, however there is also strong growth forecast for land economists and valuers over the next decade, reversing a contraction in these occupations over the last decade. Growth is also forecast to be above average in the sector for sales assistants and sales persons and office managers (AWPA, 2013).

Within the sector, vocational education and training is the major source of skill development for the sector, notably in the areas of certificate and diplomas (AWPA, 2013). The reliance on the vocational education sector for skill development is expected to continue, however the sector will also see robust growth for professionals holding a bachelor degree or higher, associated with the increasing demand for skilled professionals in the sector (AWPA, 2013).

7.16 Administrative and Support Services

This sector includes those employed in employment services, travel agents and tour arrangement services, administrative services, building cleaning, pest control, gardening and packaging services (ABS, 2013). The sector accounts for a little over 4% of value for the city, contributing more to GRP in the Redlands, than at a national level (NIEIR, 2013). Likewise in employment, the sector employs slightly more people in the Redlands than at a national level, with over 4% of the workforce in the city engaged in this sector (Economy id, 2014).

The sector employs a high proportion of female workers, with over 40% of the workforce employed on a part-time basis (AWPA, 2013). The sector also has a high proportion of employees who hold no formal post-school qualifications (47%), ranking it above the national industry sector average (AWPA, 2013).

Employment and output growth in this sector is forecast to continue, with the sector expected to continue as a small but important contributor to the city's economic growth. Employment growth in this sector is forecast to be above national averages in sub-sector categories such as administrative services and building cleaning, pest control and other support services (AWPA, 2013). Table 14 below highlights the anticipated growth to 2025 across these sub-sectors.

Table 15: Average annual employment growth 2010-2015 and 2010-2025 (%pa)

INDUSTRY	OPEN DOORS	
	2015	2025
Administrative and support services	3.7	2.9
Administrative services	3.8	3.0
Building cleaning, pest control and other support services	3.6	2.8
All industries	2.6	2.1

(Source: Deloitte, 2013)

The largest occupational group in this sector are commercial cleaners, who account for nearly 20% of all occupations in the sector, followed by human resource professionals (AWPA, 2013), with the remaining eight employment categories comprising over 50% of the total employment in the sector (AWPA, 2012).

Moving forward, however employment trends in the sector are forecast to favour human resources professionals and call centre information clerks. Commercial cleaners and laundry worker occupations are all expecting long-term employment growth as large numbers of employees exit the sector due to the higher proportion of workers in this aged 45+ (DEEWR, 2012).

At present the sector does not have a high proportion of workers with post-school qualifications (47%), however this trend is expected to reverse over the coming 15 years, as managers and professionals in the sector up skill and increase their educational qualifications (AWPA, 2013). Those with vocational qualifications in the sector are expected to decline, along with the forecast drop in demand for employment categories that rely on vocational training (AWPA, 2013).

7.17 Information, Media and Telecommunications

This sector includes those employed in media, motion picture and sound recording, internet publishing and broadcasting, internet service providers, telecommunications, web search portals, data processing services and library information services. The sector is largely confined in terms of employment and value-add contribution to the capital cities across the country, with particularly strong clusters in Sydney (which dominates the sector), followed

by Melbourne, with the remaining capitals featuring minor activity by comparison (Deloitte, 2013). This trend is expected to continue, with a growing consolidation of the sector associated with industry cluster hubs developing, most notably in Sydney and in Melbourne, with strengthening hubs in Brisbane (Deloitte, 2013). In the Redlands, the sector is both a small employer, however given its size it is a sizable contributor to value-add per employee (Urbis, 2013).

The sector is skewed towards a younger demographic profile, than the Australian average, with nearly three quarters of workers in the sector aged <45 and employed in large enterprises (58%). The same trend exists in Redland City, albeit from a much lower base than at a state, or national level (ABS, 2013).

Future growth in the sector will be dependent upon growth in the Asian region and the ability of the sector to capitalise on its strengths in the region and generate export growth (Deloitte, 2013). Employment across the sector has actually been in decline nationally and locally, associated with structural changes to the sector that will be ongoing due to the changing nature of technology (DEEWR, 2013). This trend is set to continue in the publishing sub-sector in particular, however overall employment in the sector is forecast to consolidate to 2025, albeit at a lower rate than across other industry sectors (AWPA, 2013). The strongest growth is expected in internet publishing and broadcasting, motion picture and sound recording, library and other information services (AWPA, 2013).

The occupational growth forecasts for the sector anticipate continued decline for telecommunication engineers and trade workers, however above industry sector average growth for occupations such as ICT managers, artistic directors, film, television, radio and stage directors and media producers and presenters (AWPA, 2013). In Redland City, the implications of this are that the city will more than likely continue to experience low growth in the sector in employment, unless growth can be realised for the sector in areas such as internet publishing and broadcasting, along with library and other information services to capitalise on the growing demand for these sub-sectors and generate potential value-add for the city.

7.18 Agriculture, Forestry and Fishing

The sector is a major employer for those living outside the capital cities, with 87% of employment in the sector occurring in remote and regional centres (DEEWR, 2013). The sector nationally accounts for 3% of employment, however, locally this figure is around 1% of the total workforce and has been declining since 1996 (ABS, 2013). The sector is dominated by males, who are older than 45 (70% male and 56% >45), with the majority of enterprises being classified as small (ABS, 2013). Employment growth in the sector has been declining at a rate of 2% p.a. nationally for the past decade, a trend that is forecast to continue in part due to the increasingly capital intensive nature of the sector. Over 62% of those employed in the sector do not hold post-school qualifications (AWPA, 2013).

The sector is one of the four pillars of the state economy and now a key pillar of the national economy due to its output and export generating activities (Deloitte, 2013). Nationally, the sector contributes to 2.5% of value-add nationally, with the sector contributing 1.6% of total output in the city (ABS, 2013). The sector is one of declining wealth for the city, however there has been some growth in a couple of industry sub-sectors such as nurseries and cut flowers which has enjoyed the most substantial growth for the city (50%), followed by vegetable production (from a far smaller output base) (ABS, 2010/11). The nurseries and cut flowers sub-sector shows the greatest potential in the city to be an export generator and drive future value-add for the sector. Poultry production in the city has also declined over the period to 2012, down by nearly 22,000,000 slaughtering's since 2006, with forecast declines due to the large number of exits in the industry (ABS, 2013).

Employment growth in the sector is forecast to decline for crop farmers and mixed crop and livestock farmers, along with crop farm workers and packers, which is largely attributed to increased mechanisation and economies of scale being generated through economies of scale and efficiency gains associated with larger land holdings in the sector (AWPA, 2013). There is some forecast growth for livestock farmers in the sector, however this is associated with those who have export generating capacity due to the increased demand for protein products from Asia in particular (Deloitte, 2013). Growth is also expected in agricultural, forestry and horticultural plant operators, with the latter being an area of employment growth for the sector that can move against the general downward trend that is expected in the sector.

Future employment growth in the sector will demand far greater educational qualifications due in part to the increasingly capital intensive nature of the sector, but also the growth in export demand for the sector necessitating a knowledge and skills base around farm management, associated with an anticipated growth in the farm managers occupational category (AWPA, 2013). In addition, the number of professional employed in the sector is forecast to increase associated with the structural changes to the sector and the increasing focus on overseas exports for the sector (AWPA, 2013). This growth may not be pronounced in Redland City due to the ongoing structural changes occurring in the sector; however there is some growth potential in small-scale farming and cropping enterprises that focus on export outside of the city's boundaries.

7.19 Mining

This sector has enjoyed the greatest percentage employment growth of any sector in the national economy (79%), however, it has come from a relatively low base (DEEWR, 2013). This trend however will not continue moving forward due to the number of mining projects declining over previous years and some reduction in workforce numbers associated with increased mechanisation and productivity improvements (DEEWR, 2013). In Redland City, the bulk of mining employment and value-add is associated with sand mining extraction on North Stradbroke Island and quarrying operations in the Southern portion of the city (NIEIR, 2013). The sector is dominated by large

enterprises that account for over 75% of businesses, attributed in part to the ability of large companies to control the supply chains across multiple jurisdictions and deliver economies of scale through their sheer size and ability to reduce long-run average costs over various operations (Deloitte, 2013).

Within the sector growth is expected to be strong in a number of sub-sectors, notably oil and gas extraction, coal and metal-ore mining, non-metallic mineral mining and quarrying, only two of which have any relevance for the Redlands economy (Deloitte, 2013). The growth in employment in the sector will be focussed around those with professional qualification and specific skills, including engineers, building and engineering technicians, drillers, miners and shot firers and production managers (AWPA, 2013). In Redland City, this growth will continue in these categories, despite the cessation of mining on Stradbroke Island, which is not expected to close until 2035. The loss of mining on the island however, will necessitate a reduction in the number of skilled people and also lead to a loss of income both from wages and export generation more broadly for the city (and by necessity the state) (Synergies Economics, 2010).

Vocational education and training for the sector is an important source of training and development with 34% of workers in the sector attaining a certificate or diploma level qualification. Currently 73% of professionals in the sector hold a Bachelor or higher degree; however this is expected to increase over the coming decade to over 85% of this category a trend that will also be observed in Redland City (AWPA, 2013). In addition the number of skilled degree educated technicians and trade workers within the sector is expected to continue its strong growth trajectory, reflecting a movement of these workers into the sector from other sectors within the economy, a trend that may have some implications for Redland City as demand for these types of workers intensifies (DEEWR, 2013).

7.20 Electricity, Gas and Water and Waste Services

This sector is a small sector of the national, state and local economy by employment and output (accounting for 1% and 1.5% respectively in the city), making it the smallest employing industry in the Australian economy (AWPA, 2013). The sector consists mostly of large enterprises that are dominated by males working full-time (DEEWR, 2013).

Future employment demand for the sector is expected to be strong (above industry sector averages) in the short to medium term (to 2018) due to deregulation of the sector and increased demand for alternative energy sources and renewables (AWPA, 2013). Assuming the trend towards deregulation of the sector continues, along with increased bi-lateral trade agreements that allow Australia to generate export opportunities, the sector will continue to generate additional value-add for the economy to 2025 (Deloitte, 2013).

The highest demand for employment among the occupational categories for the sector will occur for engineering professionals, program and project administrators, and contact centre information clerks. In addition, it is projected that demand for truck drivers and electronic and telecommunications trade workers will continue particularly if the industry output continues to grow due to increased export and global trade opportunities (AWPA, 2013).

Across the sector up skilling and increased attainment of vocational and Bachelor or higher degree qualifications are expected, with rates higher than in other industry sectors, reflecting the changing technical nature of occupations in the sector (DEEWR, 2013).

7.21 Arts and Recreation Services

This sector covers a diverse range of industry sub-sectors and employment categories including museum operations, parks and gardens, creative and performing arts, sport and physical recreation, horseriding and dog racing, gambling activities, amusement and outdoor recreation activities (ABS, 2013). The sector is smaller in the Redlands than nationally (accounting respectively for 1.2% and 2% of employment) and is dominated by small businesses, with the majority of the workforce employed part-time (DEEWR, 2013). The sector is a small contributor to output nationally, at a state and local level (0.9%, 0.6 and 0.7% respectively), meaning that it has lower value-add than other industry sectors such as Professional, Scientific and Technical Services (AWPA, 2013).

The sector will continue in future growth scenarios to enjoy employment growth above the national average, with growth expected in the area of heritage activities, but declines expected in gambling activities sub-sector (AWPA, 2013). Growth is expected to be particularly strong in occupational categories such as sports coaches, instructors and officials, fitness instructors, sportspersons and greenkeepers. There is also strong growth forecast for music professionals, along with visual and craft professionals associated with changes in the way people conduct leisure time activities (AWPA, 2013).

The sector sits on the industry average for the number of people with Bachelor or higher degree qualifications, similarly for those holding vocational qualifications. It is expected that the number of workers holding post-school qualifications will decline significantly to 2025, as workers in the sector up skill and/or enter the workforce with a higher level of educational attainment than is currently the case. In addition, there is an anticipated growth in the number of managers and professional entering the sector (though lower than the average for other industry sectors), increasing demand for Bachelor and higher degree qualifications (AWPA, 2013).

7.22 Summary

(As this section is still awaiting econometric modelling of labour market growth forecasts to 2041, the summation will be based around the reports analysed for the initial forecast industry sector growth scenarios.)

The modelling undertaken by the various information sources for this section have all found that the highest growth industries for employment and value-add across the country will come from three sectors, they are Health Care and Social Assistance, Education and Training and Professional, Scientific and Technical Services. With the exception of the latter, the other two sectors are currently key growth sectors for the city and areas where the city has some competitive advantage. The Professional, Scientific and Technical Services sector has shown consistent growth for the city over the last decade and represents an opportunity for future value-add in the city and as such should be pursued as a future growth sector, along with the Financial and Insurances Service Sector which also provides the city with substantial value-add per employee.

Each of these sectors require people with a mix of skills in order to cater to these high demand sectors. The research found that workforce training and development and workforce planning will be essential to ensure that future workforce needs are met. This will require governments at all levels, but particularly state and federal governments working with industry to ensure that the delivery of education and training for these sectors meets industry requirements are matched to the delivery of education and training programs.

Other key sectors for the city moving forward include the continued growth in the construction sector, albeit at a potentially reduced rate if population growth as forecast is more subdued than previous years. Likewise the retail sector is forecast to continue growing again at a reduced rate over previous years due to a slowing population growth rate. Opportunities exist for the sector however, particularly in relation to online retail where opportunities exist for an expansion of sales. In addition, there is potential for growth in the sector locally associated with an increase in tourists to the region, as forecast by Deloitte.

The other key growth sector for the local economy will be in the Accommodation and Food Services sector which is forecast to grow based on growth in the number of tourists to the country and the region, notably from Asia, with China in particular a key source of visitors. Potential development in the city associated with the PDA's, the unique attributes of the city's islands and the attraction of the rural hinterland, along with proximity to Brisbane and the Gold Coast will favour continued growth for this sector in the city over the coming decade.

The other sector that the city can potentially generate wealth from is manufacturing due to its current high levels of value-add and export generation for the city. Future growth in this sector will be dependent on a continued focus on export opportunities and increased innovation and

productivity gains that can deliver future growth for the sector, as outlined by CSIRO and APWA.

The other sectors of the economy are forecast to continue either slow or moderate growth, or decline (Agriculture, Forestry and Fishing). In virtually all cases they are either coming off a low employment base, or have relatively low value-add. This of course does not preclude growth in these sectors, nor does it mean that they should not be the focus of economic development programs and activities. There is however a need for the focus to occur on those areas where Council working with the business sector can direct their limited resources and ensure that growth in the city is balanced, sustainable and focussed on those industry sectors capable of future wealth generation for the economy.

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