

Workforce analysis – Sunshine Coast Region

10 May 2013



The project – understanding the future labour force

- Deloitte Access Economics was commissioned to analyse expected labour force developments for the **Sunshine Coast** and **Moreton Bay** Council Regions.
- Labour force projections have been developed by Deloitte Access Economics in the context of broader demographic and workforce trends expected for Queensland and Australia.
- This presentation deck highlights key areas of the analysis including:
 - a summary of expected Australian workforce trends;
 - review of recent labour force trends for the Sunshine Coast region;
 - an outline of the expected size and structure of the labour force going forward;
 - a focus on key regional transformation projects and their potential workforce impacts;
 - resources sector opportunities, both for direct employment and for supplying businesses; and
 - conclusions of the study.

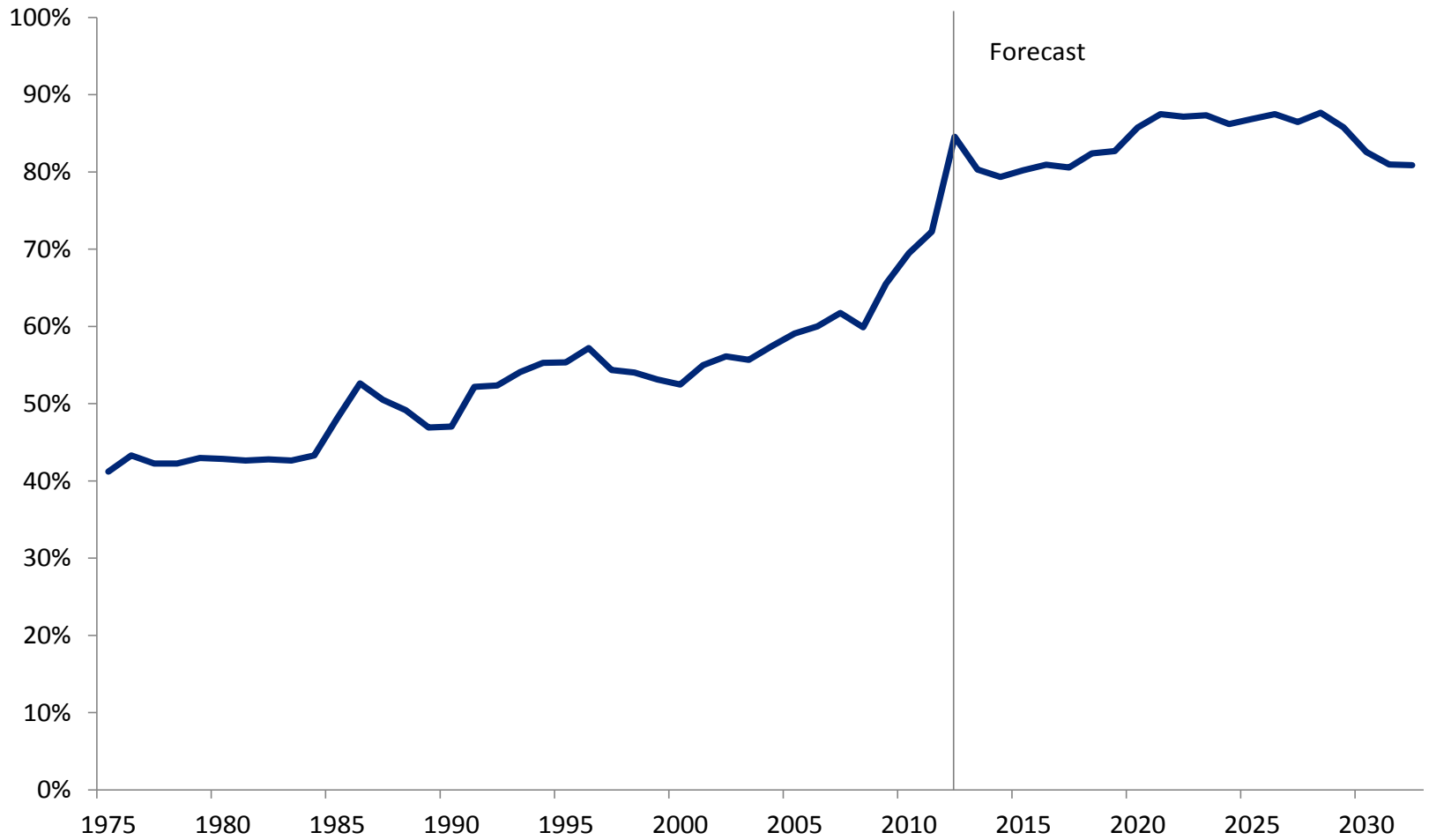
The context - broad directions
for the Australian workforce

Key trends for the Australian workforce

- Expected developments in the broader Australian economy provide important context for the regional projections which follow. Key trends include:
 - Working-age population will grow more slowly as the average age of the Australian population increases.
 - That means unemployment will be less of a problem, but it may be harder for businesses to find the skilled worker they need.
 - Within age cohorts labour force participation will rise, but as we have more older people, the overall labour force participation rate will fall.
 - The services sectors will dominate jobs growth.
 - Productivity remains paramount for living standards, including harnessing new technologies and managing digital disruption.
 - Demand for post-school qualifications will continue to rise, supported by the nature of jobs growth and technological change.

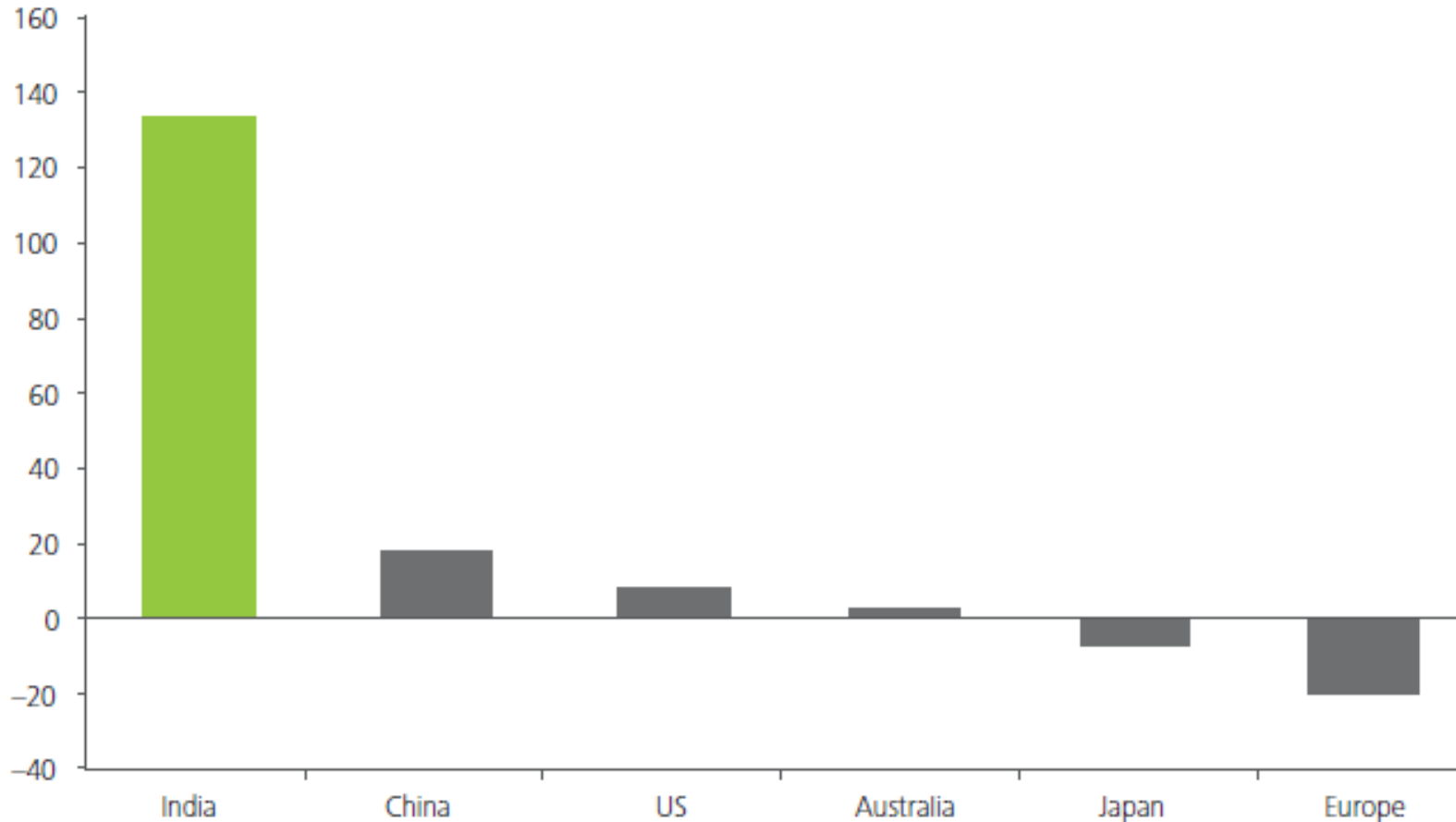
It's gold watch time

Ratio of 65 year olds to 18 year olds, Australia



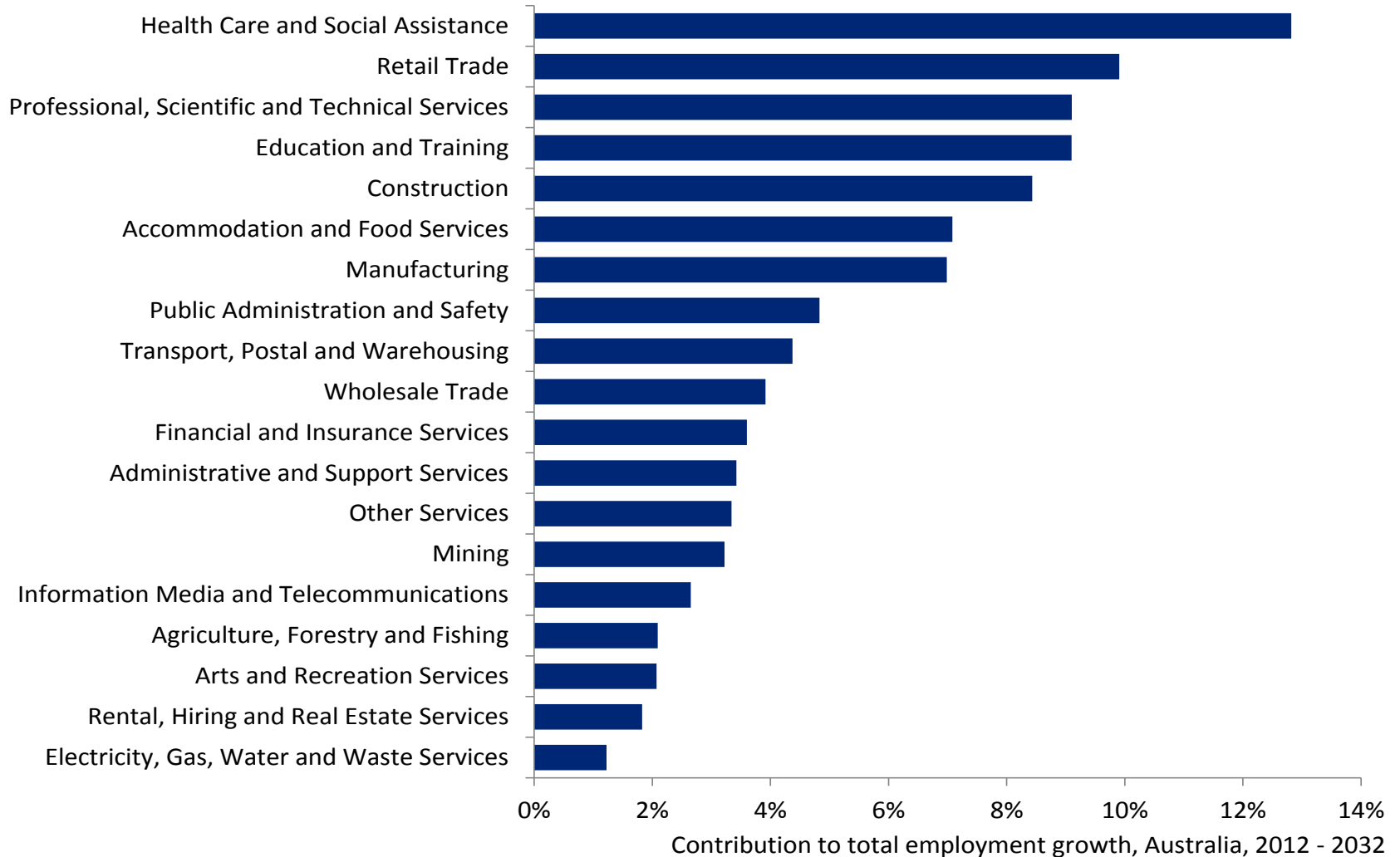
Other developing countries may face similar challenges to their potential workforce

Figure 3: Working-age population gains over the coming decade (millions)



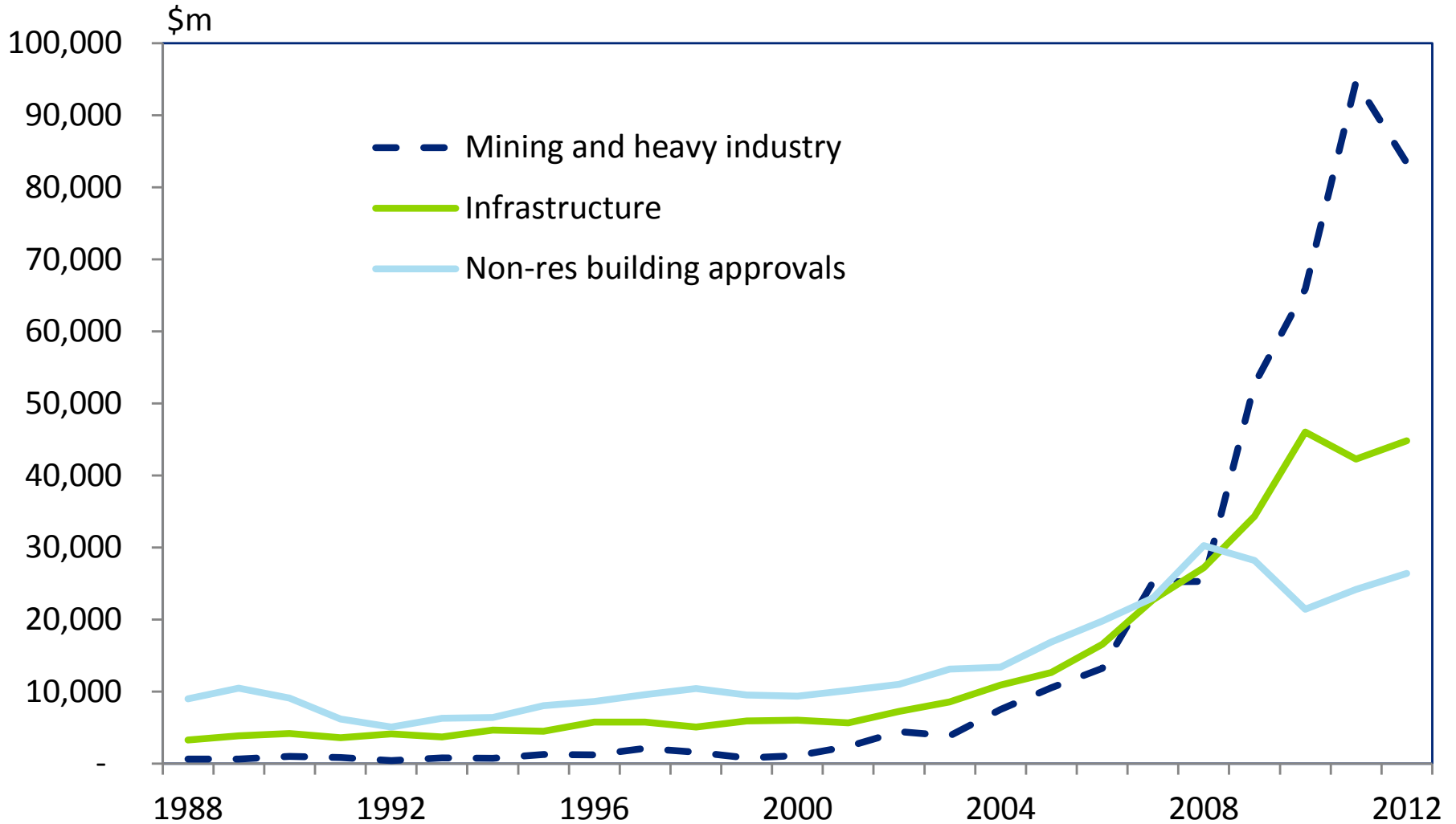
Source: United Nations Department of Economic and Social Affairs (2010), "World Population Prospects: The 2010 revision"
http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm

Employment growth will favour services and high skills



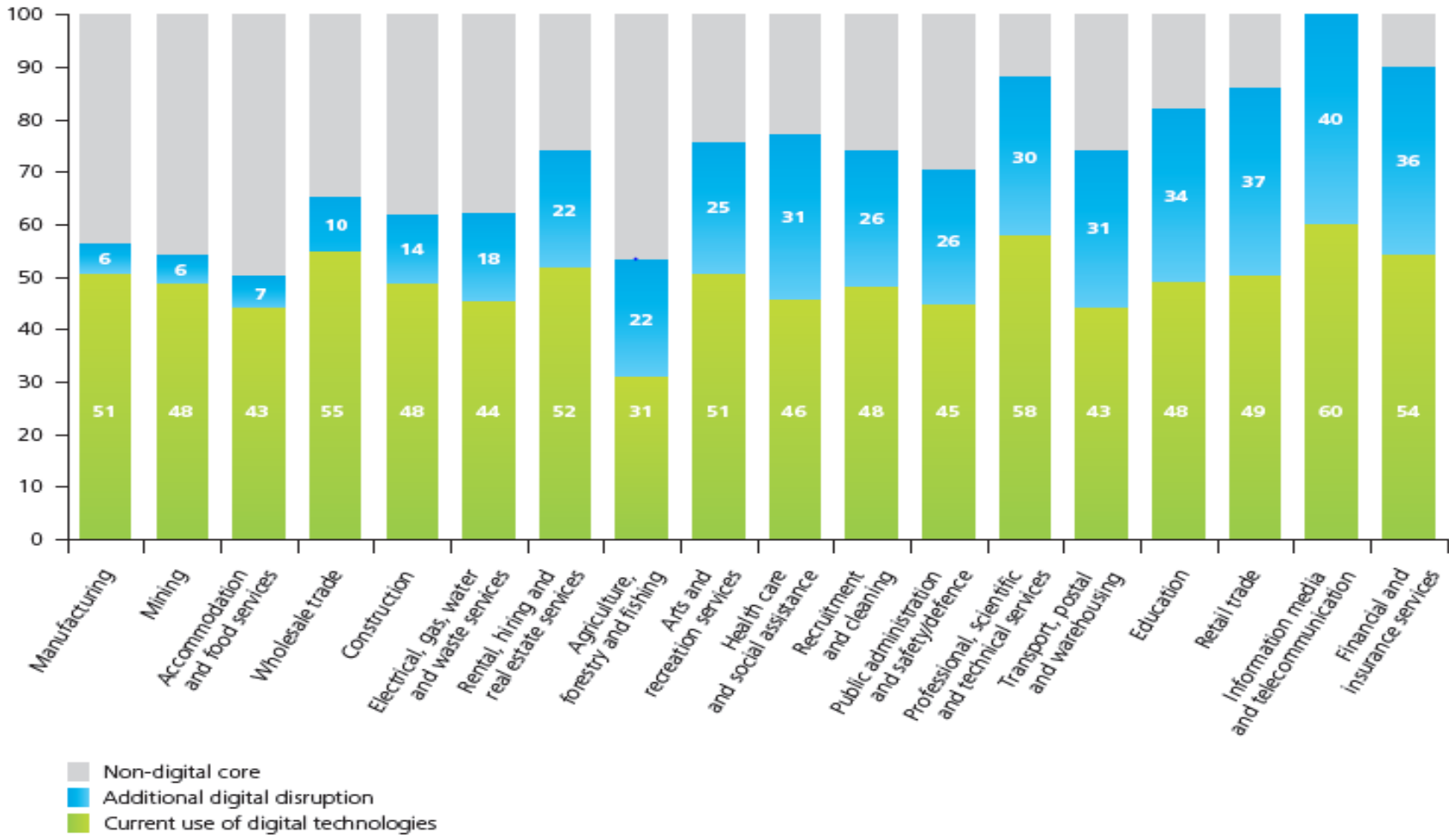
Economic cycle will operate – investment changing gears

Value of investment approved and yet to be done

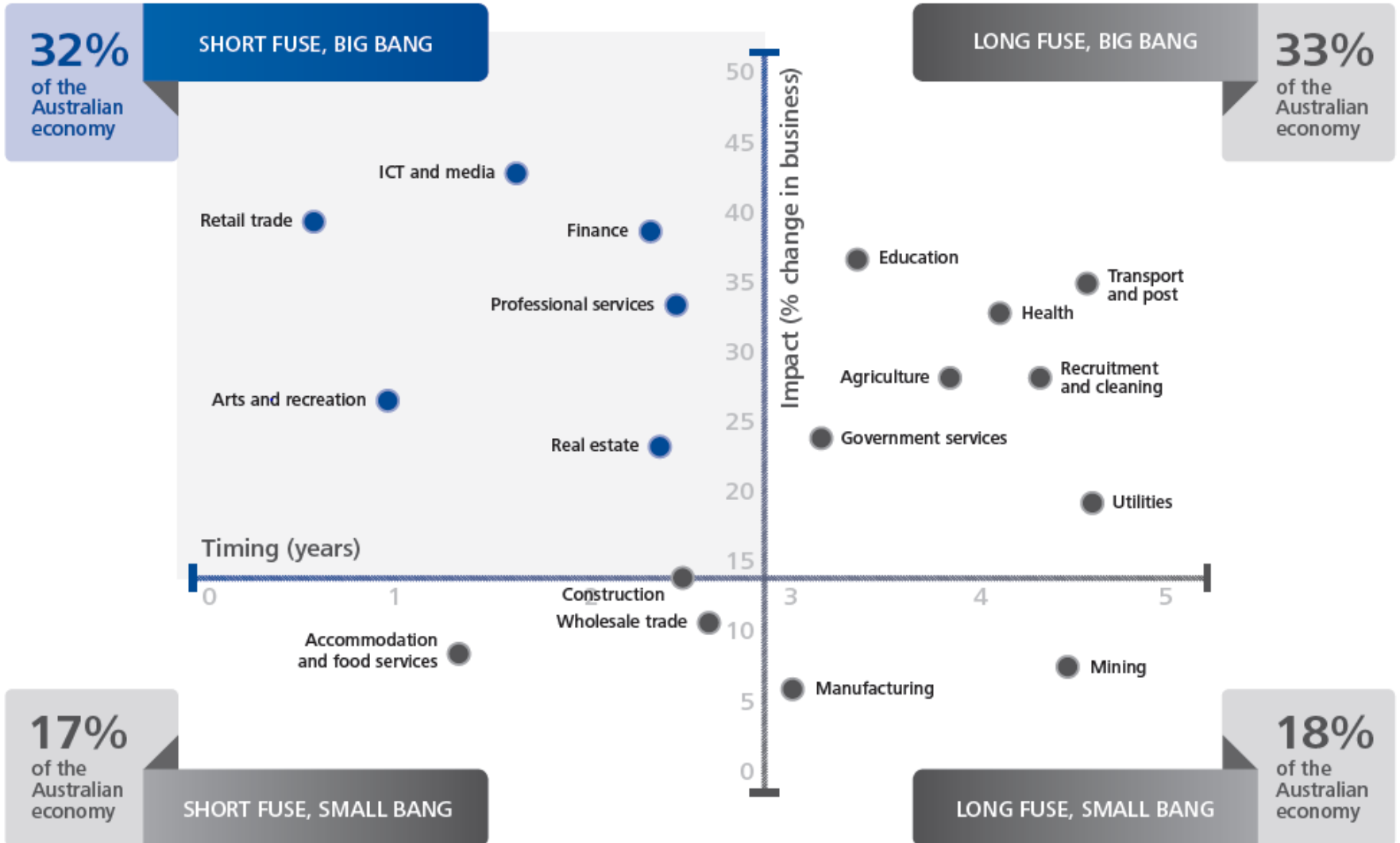


Productivity remains paramount for living standards, including harnessing new technologies

Digital disruption intensity and industry distribution



Digital disruption is dramatically changing the way business operates



Expected 'normal growth'
prospects for the Sunshine
Coast workforce

Sunshine Coast – employment trends

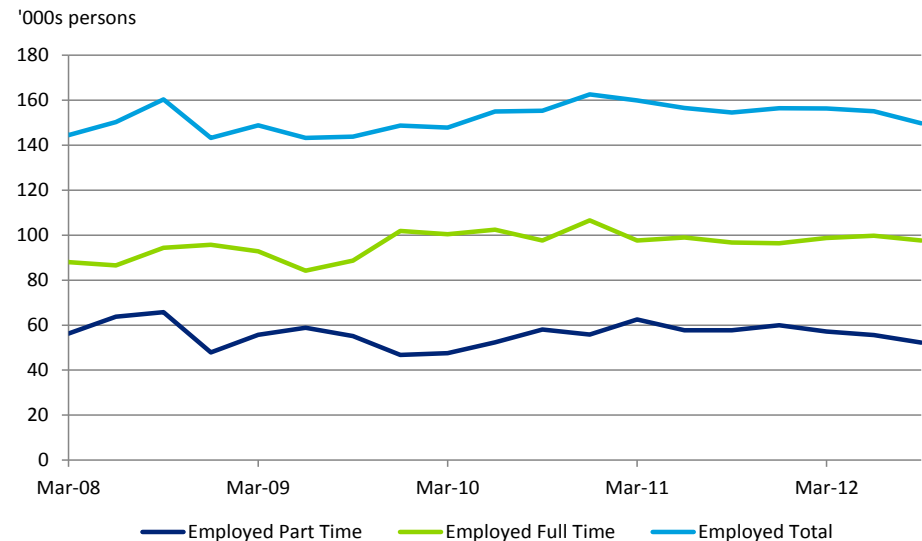
The Sunshine Coast has a population of 317,000 and a workforce of 154,700.

Its workforce is older than the national average, which may place constraints on future labour force participation.

A higher share of the region's workers work part-time than the national average. The region is also subject to seasonal fluctuations in labour demand.

The region's unemployment rate is relatively high, at 5.8% (Dec 2012). This rate fell through the 2000's boom, but has increased since the GFC (more significantly than for Queensland).

Sunshine Coast employment levels



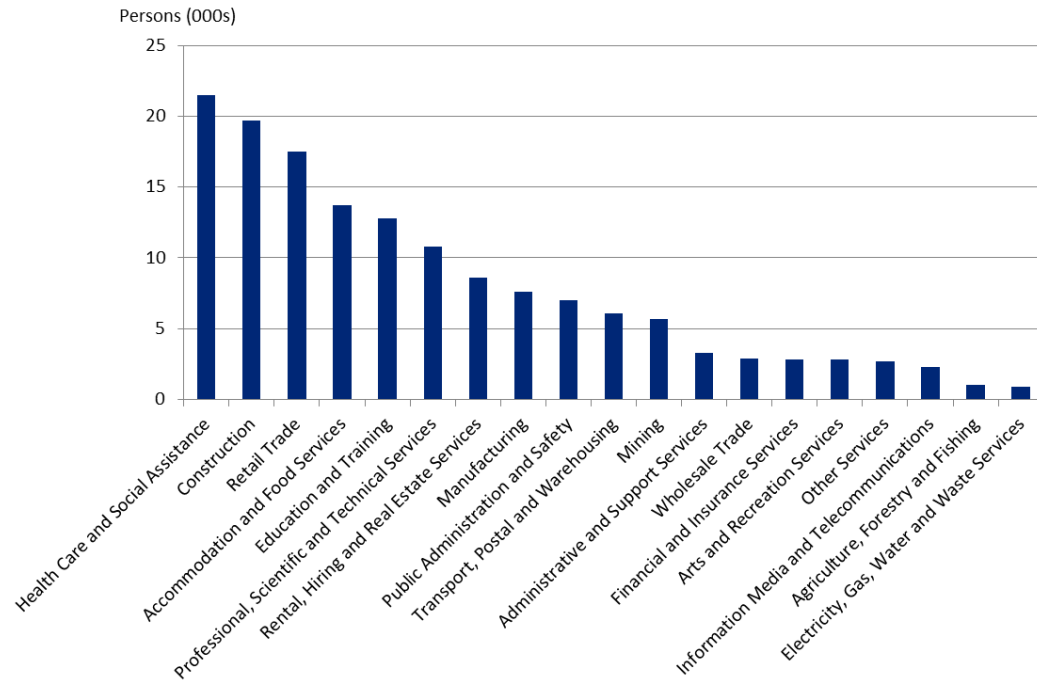
Sunshine Coast – employment structure

At present the largest employing industries in the region are health care, construction and retail trade.

Tourism is a significant economic driver. Its activities take place across a range of industries (though if they were aggregated it would form the fourth largest industry in the region).

2011 Census data showed that, compared with State averages, the Sunshine Coast is strong in real estate, accommodation and food services, and construction. It is weak in agriculture, transport, public administration and mining (though the latter has grown strongly since).

Sunshine Coast employment structure



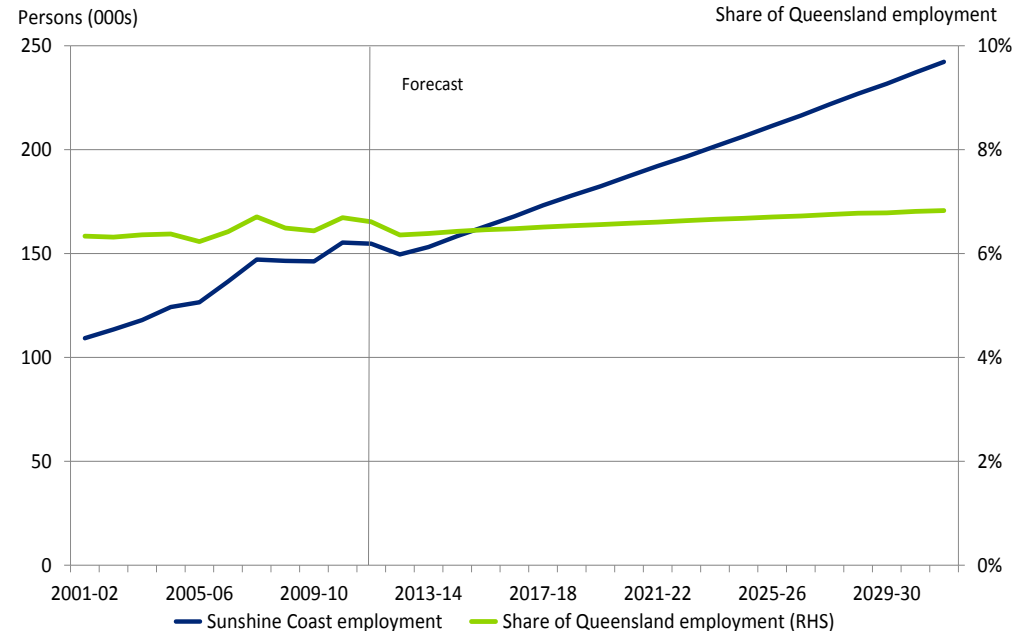
Sunshine Coast – future employment growth

Total employment in the Sunshine Coast is expected to increase from 154,700 people in 2011-12 to 246,000 people in 2031-32.

That represents average growth of 2.3% per annum – a little faster than State-wide growth. As a result, the region's share of State employment is expected to lift to 6.8%.

A continued inflow of residents acts to counter-balance the ageing effect as existing residents increasingly move into age cohorts where their labour force participation is lower.

Sunshine Coast employment growth



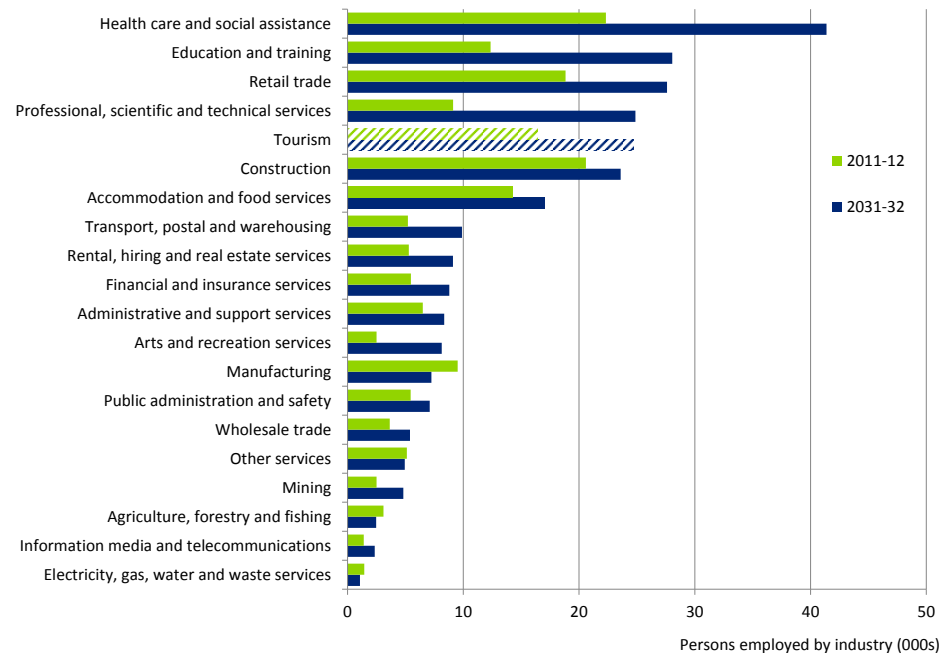
Sunshine Coast – future industry structure

The expected employment outcomes by industry are consistent with the tendency for economies to become increasingly services-oriented over time.

For the Sunshine Coast, health care and social assistance is still expected to be the major employer in the region (aided by an ageing population), though education and training, retail trade and professional services are all expected to leap ahead of construction (which was the second largest industry employer in 2011-12).

Tourism employment is expected to register growth over time (although it will also be subject to cyclical influences).

Sunshine Coast industry structure



Sunshine Coast – future occupational structure

By occupation, demand for professionals is expected to be particularly strong over the period, followed by community and personal service workers (lifted by growth in health and aged care and hospitality workers in particular), and managers.

Occupational types which are expected to grow less strongly over the forecast period include labourers, sales workers and technicians and trades workers.

Expected softer growth in construction generates only modest demand for 'blue-collar' workers.

Sunshine Coast occupational structure



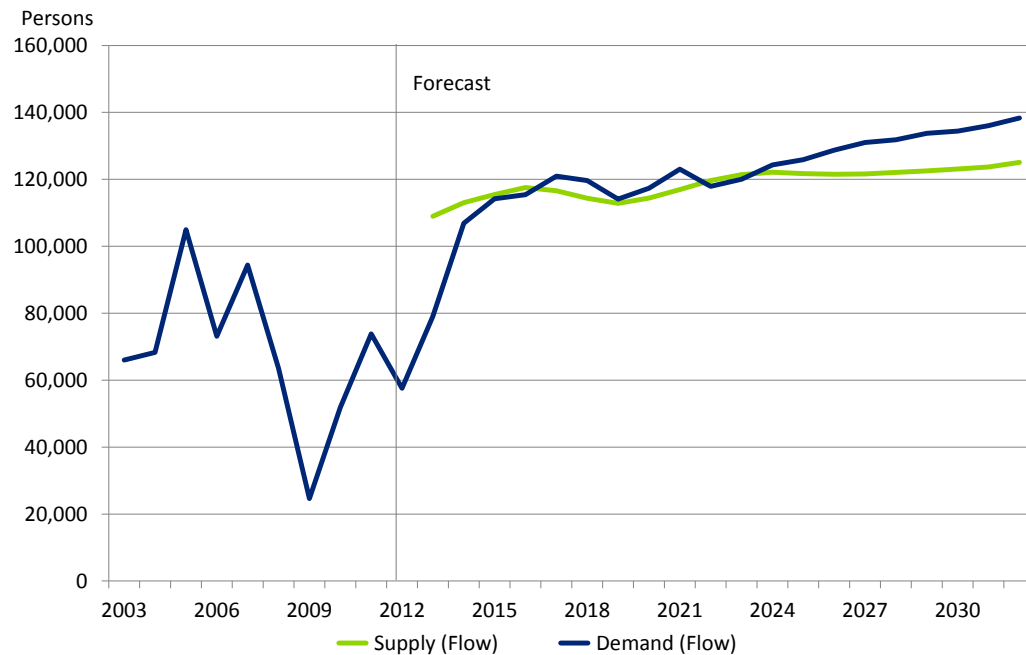
The challenge of sourcing skilled labour

A broader (State-wide) analysis which also looks at likely labour supply rates suggests that overall labour supply and demand in Queensland are projected to broadly be in line over the next decade.

Thereafter, slowing supply growth as a result of population ageing leads to excess demand for labour over the decade to 2032, particularly in higher skilled occupations.

In that environment, the Sunshine Coast may face a rising labour supply challenge over time.

Projected flow of labour supply and demand, Queensland



Major projects and resources opportunities

Regional transformation projects

- Major investment projects will continue to support economic activity in both regions. Nine **transformational projects** were identified with data sourced by the project's Steering Committee for analysis:
 - the Sunshine Coast University Hospital;
 - the Sunshine Coast Private Hospital;
 - the Sunshine Coast University;
 - the Moreton Bay Rail Link;
 - the Sunshine Coast Airport expansion;
 - the Kawana Precinct shopping area;
 - the Maroochydore Principal Activity Centre development;
 - the Corso Project at North Lakes; and
 - the North East business park.
- These projects potentially take regional investment to a higher level than it would otherwise be. The analysis examined the potential addition to the region's economic activity, including by sector.

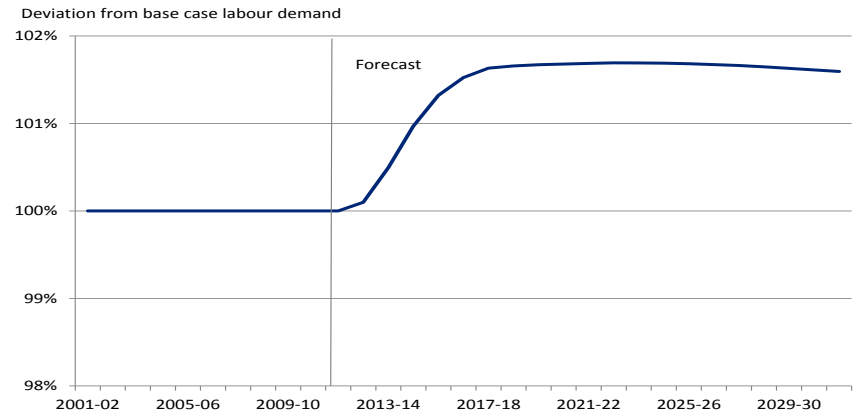
Potential employment impact of projects

The transformational projects would raise employment levels in the Sunshine Coast by around 1.5% above normal growth (base case) projections.

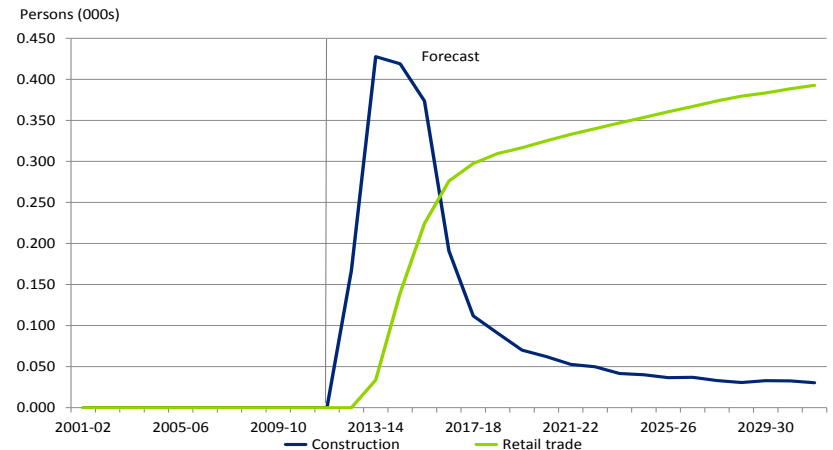
The construction phase of the projects is expected to be completed over the next decade or so and is characterised by strong but relatively short-lived demand for labour in the construction industry.

The projects' operational employment and broader indirect effects will last for much longer and this will see increasing demand for employment in sectors such as retail trade, administration, transport, health and education.

Employment deviation from base case



Employment impact on construction and retail

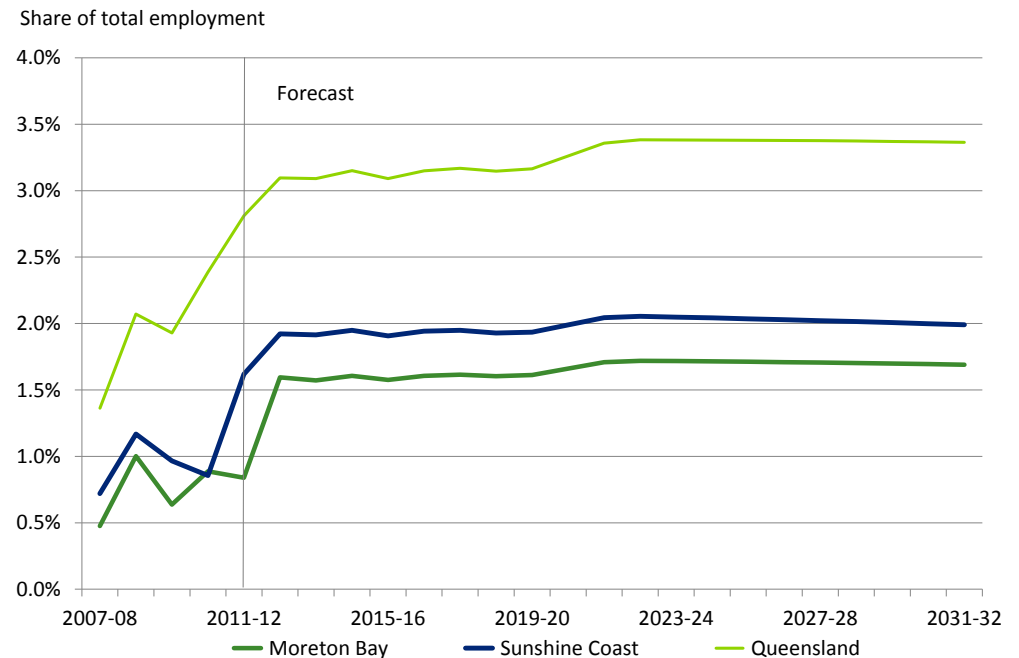


Resources sector – direct employment

There is some potential for mining employment growth from the Sunshine Coast, though mining employment as a share of total employment is expected to remain well below the State average (see chart – base case projections). Risks include a potential further shift down in the level of resources investment in response to less favourable global conditions.

Within mining sector employment across the region, drillers, miners and shot firers are expected to be the largest occupational group, followed by electricians, metal fitters and machinists, and mining engineers.

Mining employment as share of total



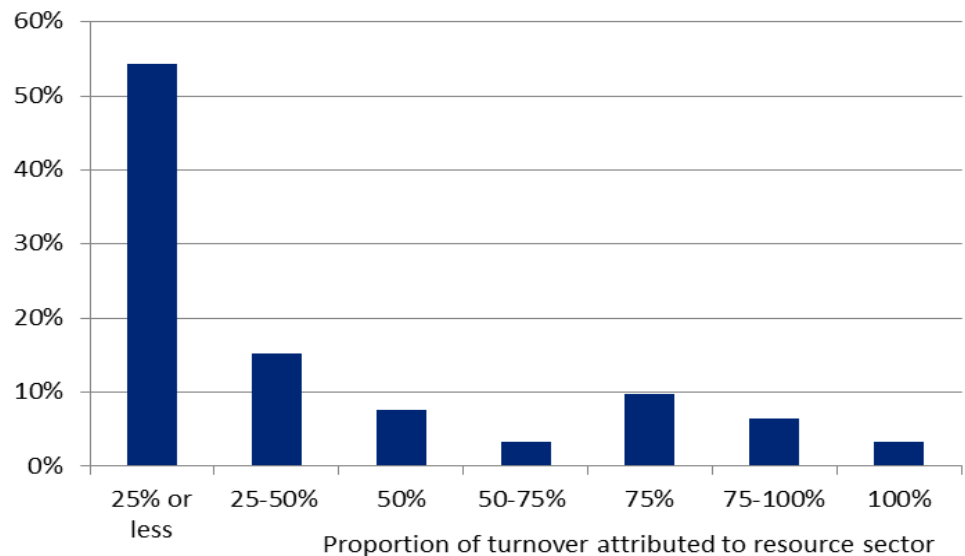
Resources sector – suppliers

A survey was conducted of businesses within the Sunshine Coast and Moreton Bay regions supplying to the resources sector. Some 86% respondents are looking to expand their activity, though most do not currently rely on the resources sector as their main source of revenue.

Consultations with resource companies noted the slowdown in global growth, suggesting future critical skills gaps may be lower.

There may be greater opportunities for supply of goods and services from the Sunshine Coast than there is for expansion of direct employment in mining via FIFO.

Supplying businesses – share of turnover from resources sector



Meeting the future challenges

Project conclusions

- The Sunshine Coast may be facing a **rising labour supply challenge** with a working-age population which on average is older, and therefore at greater risk of not participating in the labour force.
- Given both demographics and an increased emphasis on skills in the workforce, **skilled workers may remain difficult to find over time**. Overall, the areas of strongest labour demand are generally also expected to be areas where there are high skill requirements.
- A lift in the propensity of Australian workers to hold post-school qualifications over time has been supported by the nature of jobs growth, with a range of professional and business services (where university level qualifications are more prevalent) dominating the number of additional jobs created.
- A longer term lens should be applied to the skills task, so that the rate of skills development does not fall off for example, through periods of cyclical weakness. Shorter term skill gaps may be more effectively met through encouraging skilled people to move to the region and through temporary business (457) visas.
- The transformational projects examined would broaden the economic base of the region. As always, when considering such projects, decisions of government support need to be made based on the long term economic cost-benefit of such projects – not just because they will assist in delivering additional employment.

Meeting the challenges

- With reliance on continued population inflows to support workforce growth, addressing the fundamentals that influence the **attractiveness of the region** will remain important to support the region's growth. This includes investing to address potential infrastructure limitations.
- Be selective in support of broader **resources sector opportunities**. Many businesses, including small to medium sized businesses, indicated that they see continued strong revenue growth opportunities in the resources sector. There may be scope to support small to medium sized businesses in skills development around sales tactics to large businesses.
- From a direct employment perspective, skills gaps are likely to persist in key occupations such as engineers, driller, geologists etc. That may provide **opportunities for training providers** in the region to help meet broader skills gaps across Queensland.
- Review **change readiness for key industries to adapt to new technologies**. The regions need to ensure the readiness of key industries, including the retail, arts and recreation, professional services industries and real estate industries to the 'digital disruption' that is transforming traditional business and employment models, and have access to support to respond to these changes.



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