

# Late Report

## **Adjourned Special Meeting**

(consideration of the **draft Sunshine Coast Economic Development Strategy** and consideration of the submissions to the draft Sunshine Coast Planning Scheme)

**Tuesday, 14 May 2013**

**commencing at 9.00 am**

Council Chambers, Corner Currie and Bury Streets, Nambour



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## 4 REPORTS DIRECT TO COUNCIL

### 4.2 EXECUTIVE OFFICE

#### 4.2.1 DRAFT SUNSHINE COAST ECONOMIC DEVELOPMENT STRATEGY

**File No:** ECM

**Author:** Manager Economic Development  
Executive Office

**Appendices:** App A - Sunshine Coast: The Natural Advantage - Sunshine  
Coast Economic Development Strategy

**Attachments:** Att 1 - Research Compendium

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### PURPOSE

This report seeks to inform council of the progress in the development of a new regional Economic Development Strategy ("Strategy") and seek endorsement of the Sunshine Coast Economic Development Taskforce's intention to release a draft of the Strategy for public consultation and feedback.

### EXECUTIVE SUMMARY

In August 2012, councillors were briefed on the process to be pursued to develop a new Economic Development Strategy for the region. Subsequently, in November 2012 a Sunshine Coast Economic Development Strategy Taskforce ("the Taskforce") was established – comprising representatives of business and industry organisations and council – to lead the development of a new Strategy that would provide the evidence based policy settings to support the future sustainability and prosperity of the Sunshine Coast.

The draft Strategy - *Sunshine Coast: The Natural Advantage* (see **Appendix A**), provides a 20-year vision for the Sunshine Coast economy and poses a five-year program of action to build a strong and more resilient regional economy. The new strategy will replace the current *Sunshine Coast Council Economic Development Strategy 2010-2014* - which had been developed in different economic conditions and prior to the full implications for the region of the global economic downturn having been realised.

Importantly, the process that has been adopted to develop the draft Strategy is one that has involved collaborative leadership by major business and industry representative bodies in the region and council. The intention is that the Strategy – once finalised – will not be exclusively "owned" by council, but rather a regional blueprint that is owned and championed by business, industry and council collectively. This is consistent with successful approaches adopted in some other regions (eg. Geelong) and is an important vehicle for achieving a coherent view on the direction and priorities for the regional economy and how these are presented and advocated to a wider investment audience (ie. other levels of government and the private sector).

The draft Strategy is a product of targeted consultations with - and contributions from - business, industry and government representatives to develop a plan to transition to effectively a new economic platform for the region. The policy premise underlying the direction of the draft Strategy reflects the experiences of the last four years as a result of the global economic downturn and the available evidence on successful regional economies.

These clearly signal that continuing on the current economic path of responding to population growth (which is slowing) and being heavily reliant on population responsive industries will inevitably produce an unsustainable economy that cannot deliver the lifestyle and environmental conditions that are so highly valued in this region.

The draft Strategy points to some of the transitions that need to occur to achieve a more outwardly-focused, employment generating and demand-oriented economy. In summary, these include:

- transitioning from a reliance on population driven industries to a broader and high value industry base
- moving from being solely a lifestyle and tourism identity to one that is also a competitive investment location
- changing from a predominantly small business base to a stronger mix of small, medium and large businesses
- shifting from a reliance on low value employment opportunities to increased, high value employment options and pathways
- shifting the focus on internal servicing of local markets to being responsive to the demands of national and international markets and connections - in particular, responding to the opportunities arising from the Asian Century.

The draft Strategy presents five pathways and a suite of priorities to engender the transition to a new regional economy which is based on a competitive investment proposition and supports high-value employment and career opportunities - without compromising the region's enviable lifestyle and natural assets. The final Strategy will include contributions from Sunshine Coast residents, canvassed through a public consultation process.

The proposed five essential Pathways to pursue to create an open, responsive and strong economy are:

1. Leadership, Collaboration and Identity
2. Capital Investment
3. Investment in High-Value Industries
4. Local to Global Connections
5. Investment in Talent and Skills.

These Pathways – or enablers of economic change – provide the focal points for transitioning the economy over the next 20 years and guide the initial 5-year suite of actions to commence the transition process. Overarching goals for the economy (or measures of success) are also presented for public feedback.

The Taskforce's intention is that the draft Strategy be made available for public consultation and feedback for a four-week period, with a number of targeted consultation sessions conducted by Taskforce members with business and industry groups during the consultation period. Following the receipt of public feedback, the responses will be assessed and further changes may be made prior to the finalisation of the Strategy for consideration by Council and the Taskforce.

The final Strategy will contain a detailed Implementation Plan for the actions presented for the first five years. The Implementation Plan will include performance measures, accountabilities and implementation partners required for delivery. It is intended the five-year Implementation Plan be reviewed annually to ensure it maintains its currency and relevancy and remains on target to deliver a strong, new regional economy.

The Implementation Plan is deliberately not included in the draft Strategy as the suite of actions presented in the document may change in response to public feedback and because it may prove an inhibitor to eliciting a broader mix of feedback on potential actions that have not been previously considered by the Taskforce.

A draft Research Compendium (see **Attachment 1**), which provides the research and evidence base for the draft Strategy, has also been developed. This is intended to be read in conjunction with the draft Strategy.

## OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Draft Sunshine Coast Economic Development Strategy” and
- (b) endorse the release of the draft “*Sunshine Coast: The Natural Advantage - Sunshine Coast Economic Development Strategy*” for public consultation (Appendix A).

## FINANCE AND RESOURCING

The release of the draft Strategy for public consultation and feedback will entail an online presence, a series of targeted presentations involving members of the Economic Development Strategy Taskforce and some media advertising. The costs of the public consultation program will be met from the existing budget of the Economic Development Branch, with Taskforce members contributing through relevant industry communication and engagement channels.

The resources required to implement the suite of actions that will be presented in the final Strategy will be assessed as part of the development of the Implementation Plan and advised to council as part of its consideration of the final Strategy. Council’s resource commitments to deliver any actions for which it is directly responsible in the final Strategy would be the subject of consideration by council as part of future budget deliberations.

The release of the draft Strategy for public consultation and feedback does not commit council to resource the actions identified in the document and a disclaimer to this effect has been included in the public consultation draft.

## CORPORATE PLAN

**Corporate Plan Theme:** *Robust Economy*

**Emerging Priority:** 1.1 - A broad economic base

**Strategy:** 1.1.2 - Build alliances and partnerships to develop the economy of the region with businesses and government agencies

**Corporate Plan Theme:** *Robust Economy*

**Emerging Priority:** 1.1 - A broad economic base

**Strategy:** 1.1.6 - Work with partners to develop initiatives that attract investment, business, careers and jobs to the region

## CONSULTATION

### Internal Consultation

- Mayor Jamieson
- Councillors Cox, O’Pray and Robinson

- Chief Executive Officer
- Executive Director, Executive Office
- Manager, Economic Development
- Economic Services Manager
- Representatives from council departments involved in the Sunshine Coast Economic Development Strategy Internal Reference Group

**External Consultation**

- Queensland Government representatives of the Department of State Development, Infrastructure and Planning; the Department of Science, Information Technology, Innovation and the Arts; and the Department of Tourism, Major Events, Small Business and the Commonwealth Games
- Sunshine Coast Destination Limited
- Property Council Sunshine Coast
- Chambers of Commerce and Industry Queensland - Sunshine Coast
- Sunshine Coast Business Council
- Sunshine Coast Business Women's Network
- Sunshine Coast Health and Hospital Service
- Sunshine Coast Airport
- Sunshine Coast Economic Development Advisory Board
- Urban Development Institute of Australia - Sunshine Coast
- Regional Development Australia - Sunshine Coast
- University of the Sunshine Coast

All contributions and feedback from each of the nominated organisations have been reported to the Taskforce and considered in the development of the draft Strategy.

**Community Engagement**

Representatives of business and industry were engaged through targeted consultations during January and early February 2013 either directly by council officers or through the broader membership of the Taskforce. This included tourism industry businesses, Chambers of Commerce members, other business representatives, the Sunshine Coast Business Women's Network, representatives of the aviation industry and the Sunshine Coast Economic Development Advisory Board members.

A community engagement plan has been developed to support the public consultation process on the draft Strategy and to guide the roll out of the final Strategy once it is considered and endorsed.

**PROPOSAL**

During the past 30 years, the Sunshine Coast economy has undergone extraordinary change. The region has experienced significant population growth and urban development and now represents a large regional economy worth more than \$13 billion.

Although the Sunshine Coast has seen some recent growth in business investment, improvements in infrastructure planning, expansion of education services and the emergence of some niche markets - it has also experienced continuing high levels of unemployment, low workforce participation rates, comparatively low education and income levels and a decline in some of its traditional industry activities.

The last four years in particular, have highlighted the susceptibility of the traditional pillars of the Sunshine Coast economy – namely tourism, retail and construction – to fluctuating global



financial conditions, a high currency and weak consumer confidence. Of particular note is that:

- as indicated above, the region is overly reliant on the construction, retail and tourism sectors - which presently account for approximately 37% of total employment. These core industries are 'population-dependent', are often lower value-adding and are highly exposed when growth rates and consumer confidence decline.
- since 2007, the regional population growth rate has slowed and is now less than the State average. With weaker population growth, fewer new dwellings are expected, meaning fewer new jobs in construction and related sectors and a general slowing of building activity.
- demand for tourist accommodation has also decreased by 1.1% annually in recent years and visitation levels have been volatile, which has had severe implications for securing investment in new accommodation stock and the profitability of operators.
- the regional unemployment rate (6% in January 2013) has been consistently above the Queensland and national averages for the last four years. Youth unemployment also continues at unacceptably high rates (15.3% in January 2013).
- average income levels are lower than those for south-east Queensland and Queensland as a whole - reflecting the region's dependence on low paying industry sectors, high rates of part-time and casual employment and a larger slice of the existing population that is no longer in the paid workforce.

The experience of the last four years and the available evidence on successful regional economies suggests that if these circumstances are allowed to continue and the Sunshine Coast economy remains heavily dependent on tourism and population-responsive industries, the consequences will likely be:

- low levels of investment and limited local employment opportunities of high value
- unsustainable growth in demand for human and social services and an economy that is unable to support the demands of the community
- less capacity to invest in new and essential infrastructure and assets that the community needs to survive
- an inability to maintain the lifestyle and environment that is so highly valued on the Sunshine Coast.

While the preservation of the character and natural advantages of the region is a key consideration for the regional community, the Sunshine Coast will only continue to enjoy a sustainable lifestyle, community and environment if it is supported by a strong, robust and resilient economy.

Research undertaken by the University of the Sunshine Coast and others suggests that there are a number of activities which have proven successful in developing and promoting strong and sustainable regional economies. These include:

- building up sectors of the economy which are less volatile and, to some extent, more resilient to the impacts of fluctuating global economic conditions;
- the attraction of capital investment to deliver critical regional infrastructure priorities;
- a local-to-global approach for business development and links across regional and national boundaries; and
- partnerships between all key leadership groups to develop a regional economy.

#### Process to develop a draft Strategy

With this in mind, in August 2012 councillors were briefed on the process to be pursued to develop a new Economic Development Strategy for the region. In November 2012, a Sunshine Coast Economic Development Strategy Taskforce was established to lead the development of a new Strategy that would provide the evidence based policy settings to support the future sustainability and prosperity of the Sunshine Coast.

The Taskforce is chaired by the Mayor and comprises the following members:

- Cr Stephen Robinson (Deputy Chair)
- Cr Peter Cox
- Cr Jason O'Pray
- Mr John Knaggs, Council's Chief Executive Officer
- Mr Greg Laverty, Executive Director, Sunshine Coast Council
- Mr Gwyn Jarrot – nominee of the Sunshine Coast Business Council
- Mr Bill Darby – nominee of the Chambers of Commerce and Industry, Sunshine Coast
- Mr Peter Bolton-Hall – nominee of the Property Council of Australia, Sunshine Coast
- Mr Carl Nancarrow – nominee of the Urban Development Institute of the Australia (Sunshine Coast)
- Mr Ian McNicol – nominee of Sunshine Coast Destination Limited
- Professor Mike Hefferan – nominee of the University of the Sunshine Coast
- Professor Max Standage – nominee of Regional Development Australia, Sunshine Coast
- Mr Greg Livingstone – nominee of the Sunshine Coast Economic Development Advisory Board

The process that has been adopted to develop the draft Strategy is one that has involved collaborative leadership by the major business and industry representative bodies in the region and council. The intention is that the Strategy – once finalised – will not be exclusively “owned” by council, but rather a regional blueprint that is owned and championed by business, industry and council collectively. This is consistent with successful approaches adopted in some other regions (eg. Geelong) and is an important vehicle for achieving a coherent view on the direction and priorities for the regional economy and how these are presented and advocated to a wider investment audience (ie. other levels of government and the private sector).

#### Focus of the draft Strategy

The Taskforce is now at a point where a draft of the Strategy – titled - *Sunshine Coast: The Natural Advantage* (see **Appendix A**) - is available for broader community feedback and comment.

As part of developing the draft Strategy, the Taskforce has examined a breadth of research and data on key opportunities and threats to developing economic resilience. This research and evidence base is outlined in a draft Research Compendium which accompanies the draft Strategy (**see Attachment 1**).

The draft Strategy provides a 20-year vision for the Sunshine Coast economy and poses a five-year program of actions to build a strong and more resilient regional economy. The new strategy will replace the current *Sunshine Coast Council Economic Development Strategy 2010-2014* - which had been developed in different economic conditions and prior to the full implications for the region of the global economic downturn having been realised.

The draft Strategy is a product of targeted consultations with - and contributions from - business, industry and government representatives to develop a plan to transition to effectively, a new economic platform for the region. The policy premise underlying the direction of the draft Strategy reflects the experiences of the last four years as a result of the global economic downturn and the available evidence on successful regional economies. These clearly signal that continuing on the current economic path of responding to population growth (which is slowing) and being heavily reliant on population responsive industries will inevitably produce an unsustainable economy that cannot deliver the lifestyle and environmental conditions that are so highly valued in this region.

The draft Strategy points to some of the transitions that need to occur to achieve a more outwardly-focused, employment generating and demand-oriented economy. In summary, these include:

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The draft Strategy also identifies the following clear opportunities to achieve the transition from where the Sunshine Coast is now to a new economy over the next 20 years:

- large-scale investment in regionally significant infrastructure
- demand for employment and supply chain opportunities arising from these major projects
- flow-on local demand for access to innovative professional services and knowledge-based solutions
- business development and investment opportunities associated with the delivery of major projects - new health facilities, an international airport, a new central business district and improved transport links
- growing demand from both within and outside the region (particularly from Asia) for health, wellness, digital and education services and food product
- growth in emerging business and industry sectors - in response to changing global consumption patterns - including clean technologies, aviation and aerospace services

#### Community Consultation process

The Taskforce's intention is that the draft Strategy be made available for public consultation and feedback for a four week period, with a number of targeted consultation sessions conducted by Taskforce members with business and industry groups during the consultation period. The draft Strategy would be available for public review and feedback through an online presence – which will pose a series of questions and prompts to elicit feedback

directly on the elements of the draft Strategy and the directions it proposes. Following the receipt of public feedback, the responses will be assessed and further changes may be made prior to the finalisation of the Strategy for consideration by Council and the Taskforce.

The final Strategy will contain a detailed Implementation Plan for the actions presented for the first five years. The Implementation Plan will include performance measures, accountabilities and implementation partners required for delivery. It is intended the five-year Implementation Plan be reviewed annually to ensure it maintains its currency and relevancy and remains on target to deliver a strong, new regional economy.

The Implementation Plan is deliberately not included in the draft Strategy as the suite of actions presented in the document may change in response to public feedback and because it may prove an inhibitor to eliciting a broader mix of feedback on potential actions that have not been previously considered by the Taskforce.

### **Legal**

No significant legal issues with the draft Strategy have been identified at this time.

### **Policy**

The draft Strategy is consistent with Councils' key economic policy priorities to broaden the region's economic base, provide support to local business, and create an environment that supports high value employment and career opportunities. It is also consistent with the commitments made in council's *Corporate Plan 2009-2014*.

### **Risk**

Elements of risk associated with each proposed action will be analysed and appropriate mitigation measures developed as part of considering feedback on the draft Strategy and in developing the associated Implementation Plan.

### **Previous Council Resolution**

Ordinary Meeting 20 May 2010 (**OM10/120**)

*That Council:*

- (a) *receive and note the report titled "Economic Development Strategy";*
- (b) *endorse the Economic Development Strategy 2010-2014 (Appendix A as amended);*  
*and*
- (c) *recognise and congratulate the Economic Development Manager and Team for the efforts and energy put into the development of the Economic Development Strategy.*

### **Related Documentation**

- Sunshine Coast Council Corporate Plan 2009-2014
- Sunshine Coast Economic Development Strategy 2010-2014
- Consultation Paper – *The Sunshine Coast Economy – setting our strategic directions* (2012)
- Rural Futures Strategy (2013)
- Sunshine Coast Export Survey Report, October 2012
- *Australia in the Asian Century, 2012*
- *Our Future World, Global Megatrends that will change the way we live* - CSIRO, 2012 revision
- Queensland Trade and Investment Strategy 2011-2016
- *What Works: Identifying successful strategies for sustainable economies and jobs growth in the 'second tier' of Australian regions*, University of the Sunshine Coast, 2010
- *Economic Profile for the Sunshine Coast*, AEC Group, January 2103

- *SCRC Economic Benchmarking*, AEC Group, January 2013.

**Critical Dates**

The proposed public consultation will commence on a date following council consideration of the draft strategy and will be conducted over a four week period. Some minor editorial changes and layout of the design of the draft Strategy documentation will occur prior to the release of the draft Strategy for public comment.

**Implementation**

Following completion of the public consultation program, subsequent stages in the finalisation of the Strategy include:

1. Analysis of feedback and responses and submission of proposed amendments to the Strategy to the Taskforce.
2. Consideration of proposed amendments by the Taskforce.
3. Submission of the amended Strategy and Implementation Plan to council for consideration.
4. Subject to endorsement by council, final consideration of the Strategy by the Taskforce and confirmation of member organisations' support.
5. Subject to (4), release of the final Strategy and commencement of the implementation and monitoring program.

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