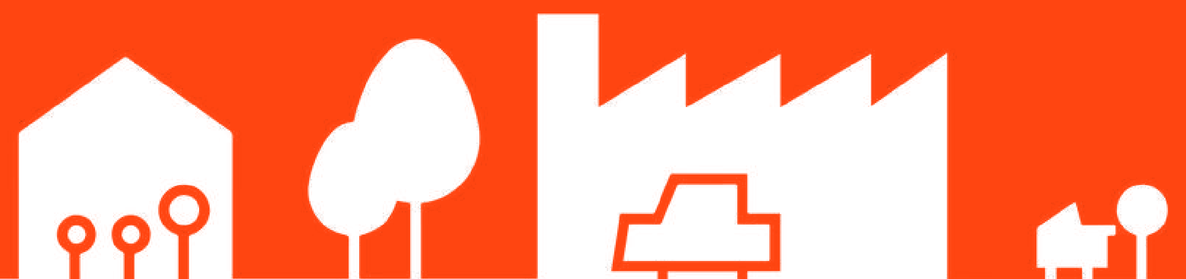
Demographic & economic disruption

Emerging trends influencing Queensland

Presentation for LGMA Annual Conference 2022

Presented by Rob Hall, Lead Economist



informed decisions

Introducing .id - informed decisions

Who are we...

- Company of demographers, housing analysts, forecasters, economists and social researchers with 25 years experience working with local government.
- Partners with National Economics (NIEIR)
- Our tools and resources cover 80% of Australia's population.

What we do...

- Study how cities, towns and regions are changing
- Organise complex data in intuitive web applications for people with diverse needs
- Help councils and others make informed decisions about when and where to provide services, invest and advocate.
- Contribute to building vibrant, health communities

Our suite of tools....

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Today's presentation

Understanding recent change in Queensland

01 Demographic disruption (profile.id)

02 Housing affordability (housing.id)

03 Economic recovery (economy.id)

04 Digital acceleration (consulting)

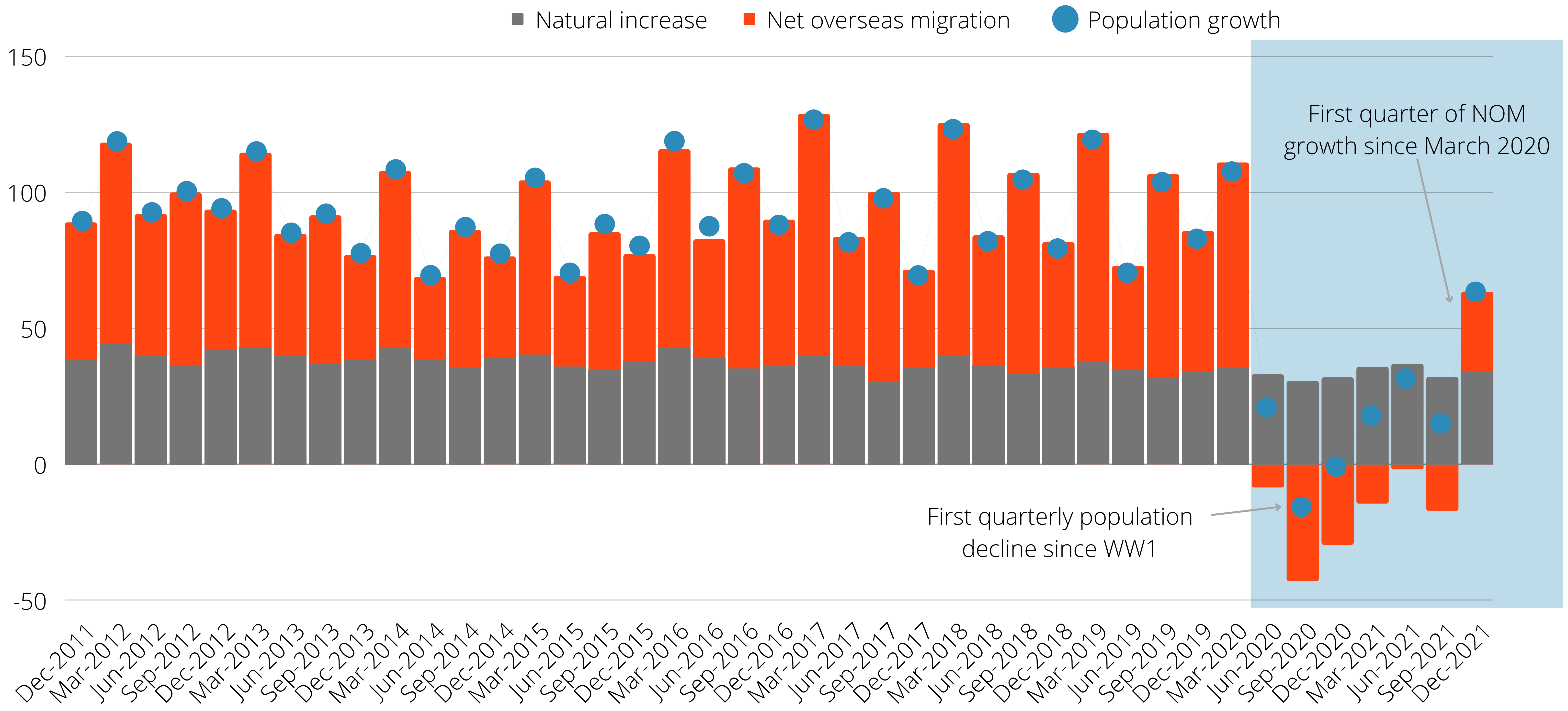
01 Demographic disruption

Australia ended a record period of population growth with border closures

Growth has picked up in the last 6 months, but still well below pre-covid rates

Quarterly population growth and components, Australia

Number of people



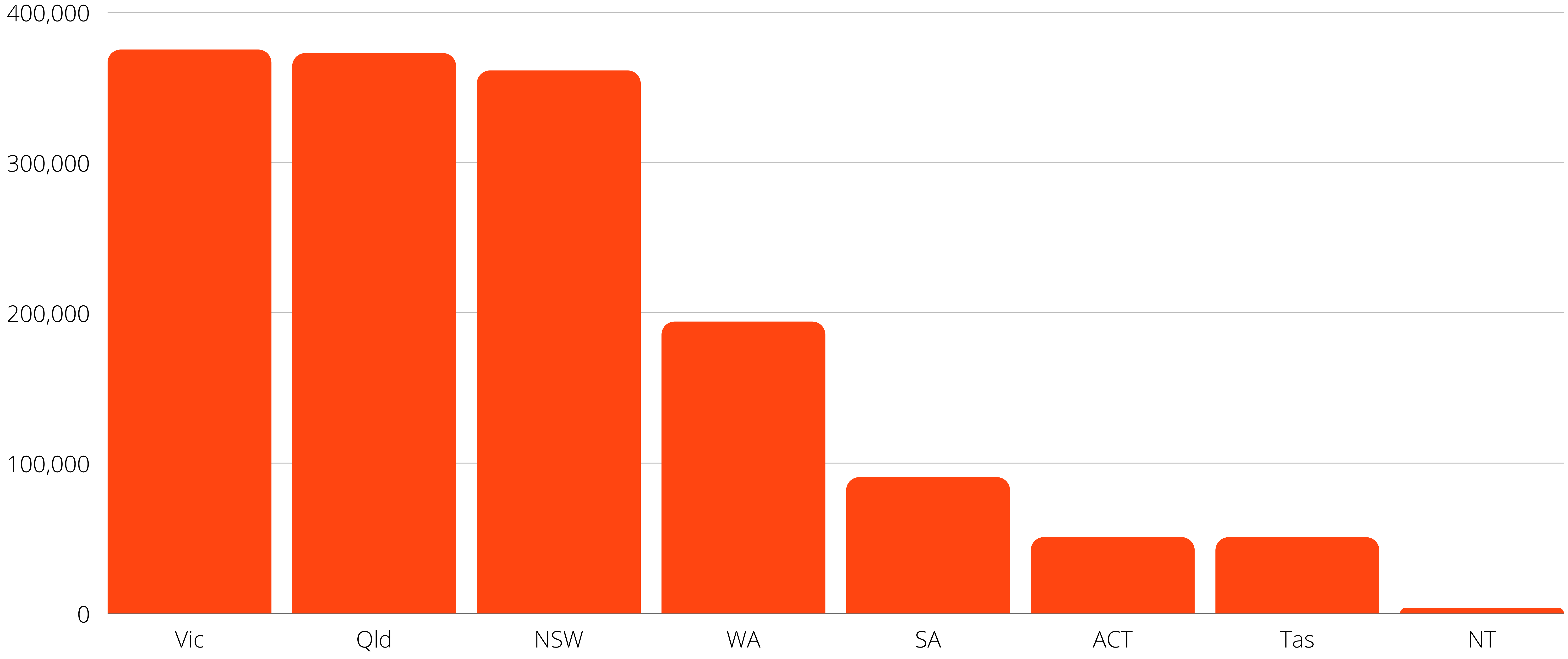
Source: ABS National, state and territory population

Prior to COVID-19 Queensland was the fastest growing of the larger states

QLD's population grew by 8% growth over 5 years, and adding 372,000 people in that time.

State population change, 2016 to 2021

Number of people



Source: ABS National, state and territory population

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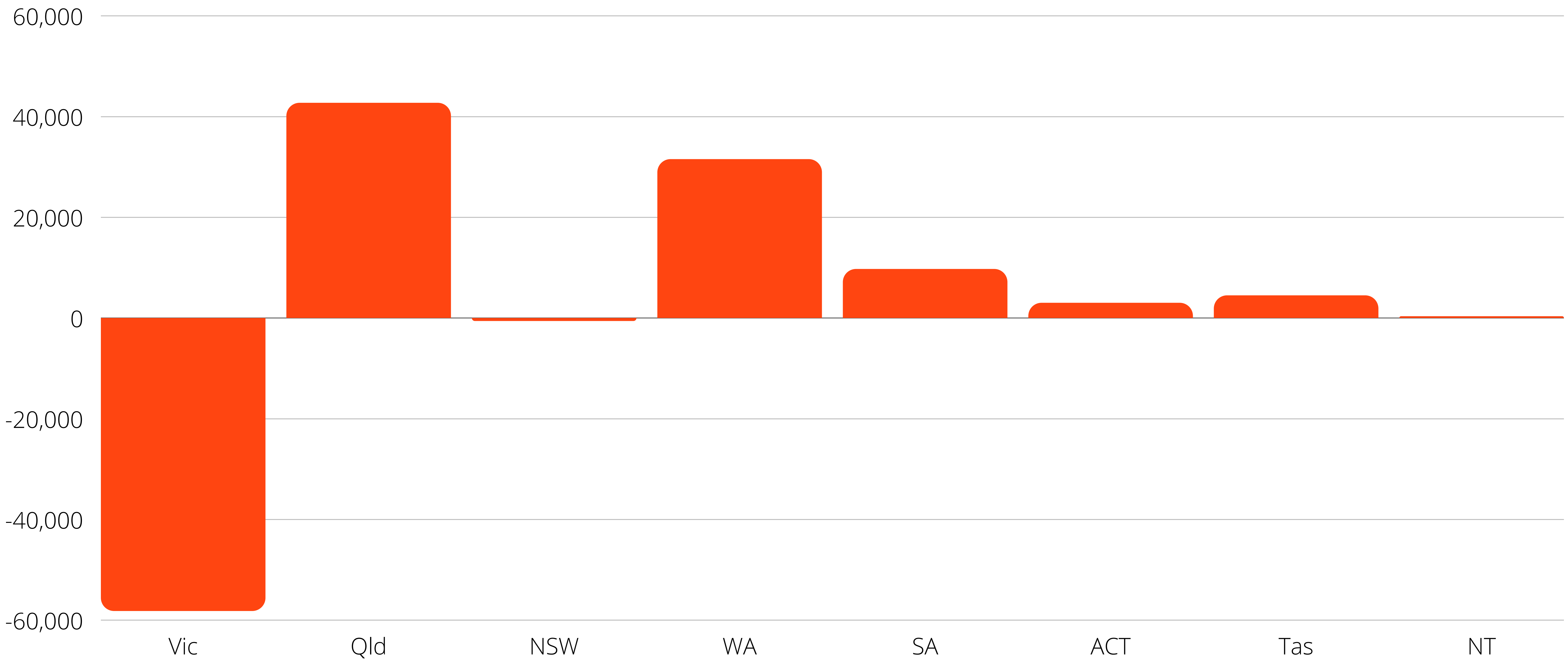
Queensland less impacted by fall in overseas migration

Queensland added over 42,000 people which was more than Australia overall

State population change, 2020-21

Number of people



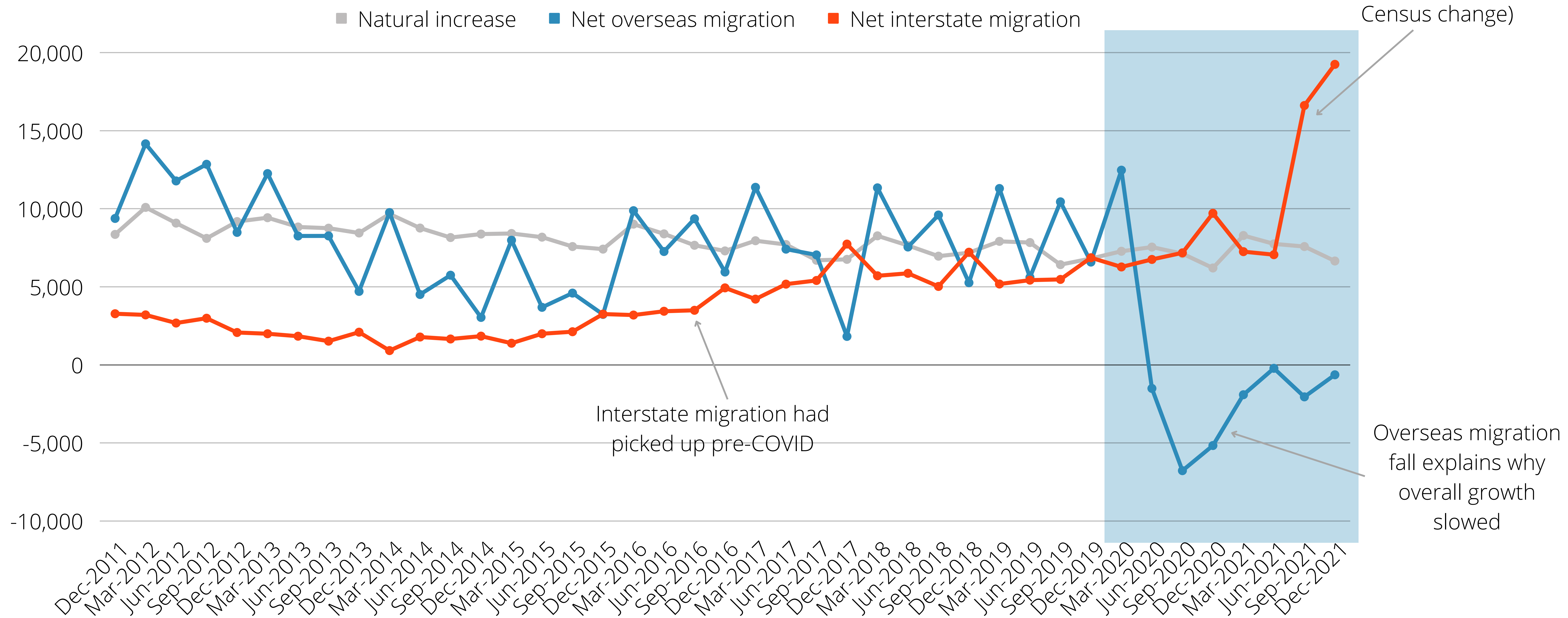
Source: ABS National, state and territory population

Queensland's stronger population growth due to interstate migration

More arrivals from NSW and VIC and less departures from QLD

Qld population change by components, 2020-21

Number of people



Source: ABS National, state and territory population

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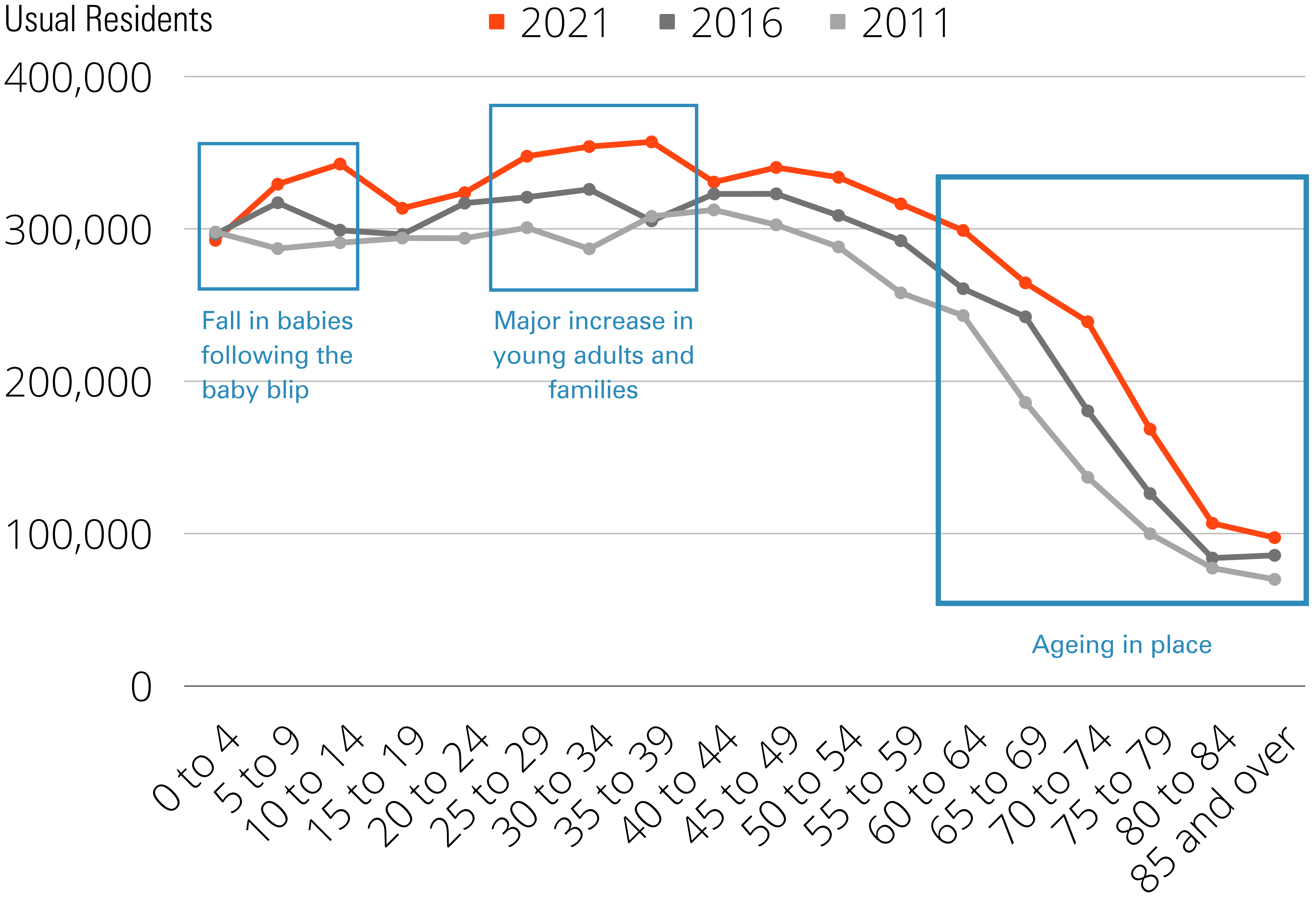
Not just the size of change, but also the nature of change

Drivers of population change vary across Queensland

Population by age, Queensland

Usual Residents



% change in 25-39 year olds 2016 and 2021

- Regional Queensland: +10% (2.6x faster than 2011-2016)
- Greater Brisbane: +13% (1.5x faster than 2011-2016)

Source: ABS Census of Population and Housing

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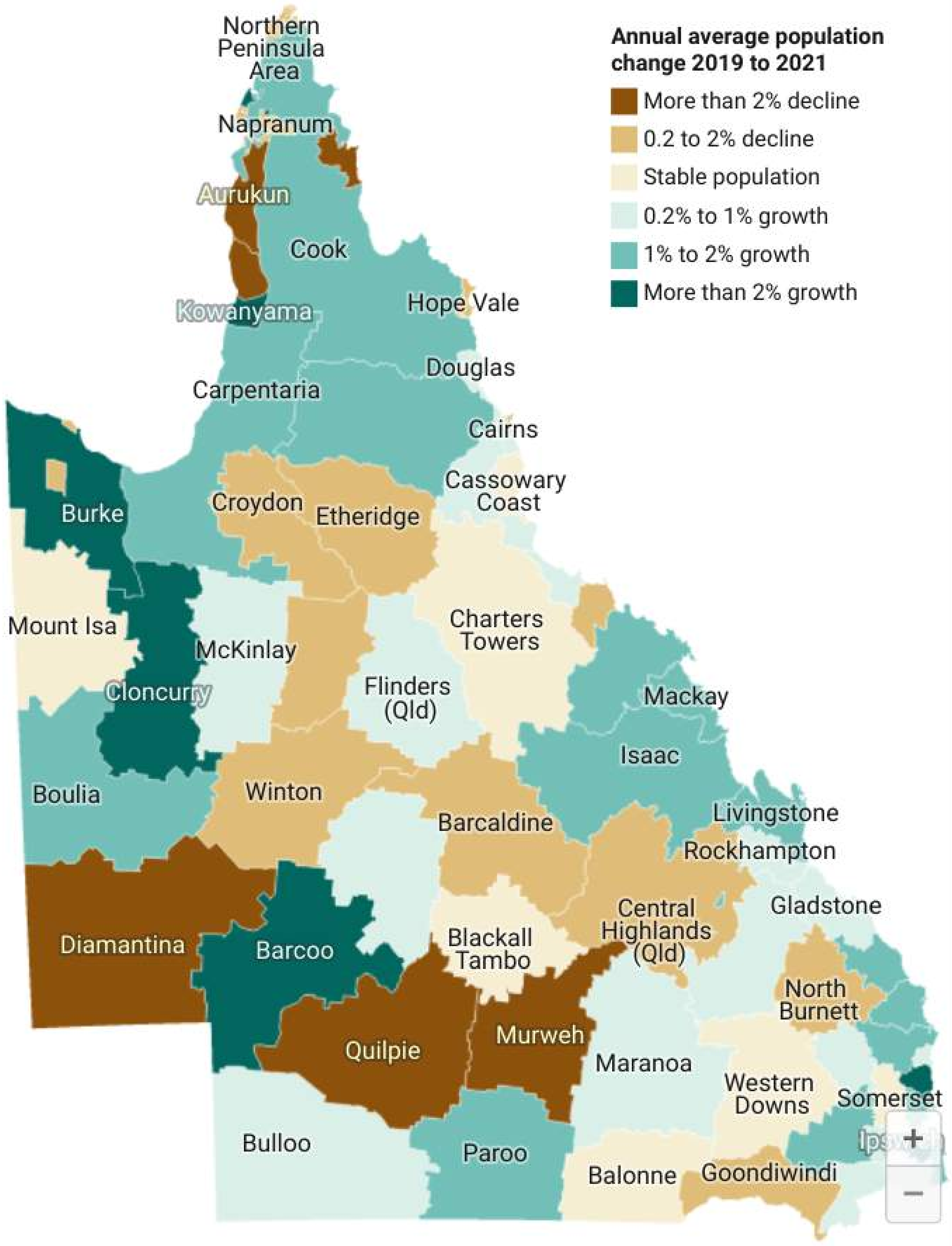
Many areas in Queensland were growing faster than the national average

QLD Population growth by LGA

Annual average % change, 2019 to 2021



Map: .id • Source: ABS Regional Population, 2021 • Map data: ABS • Get the data • Created with Datawrapper

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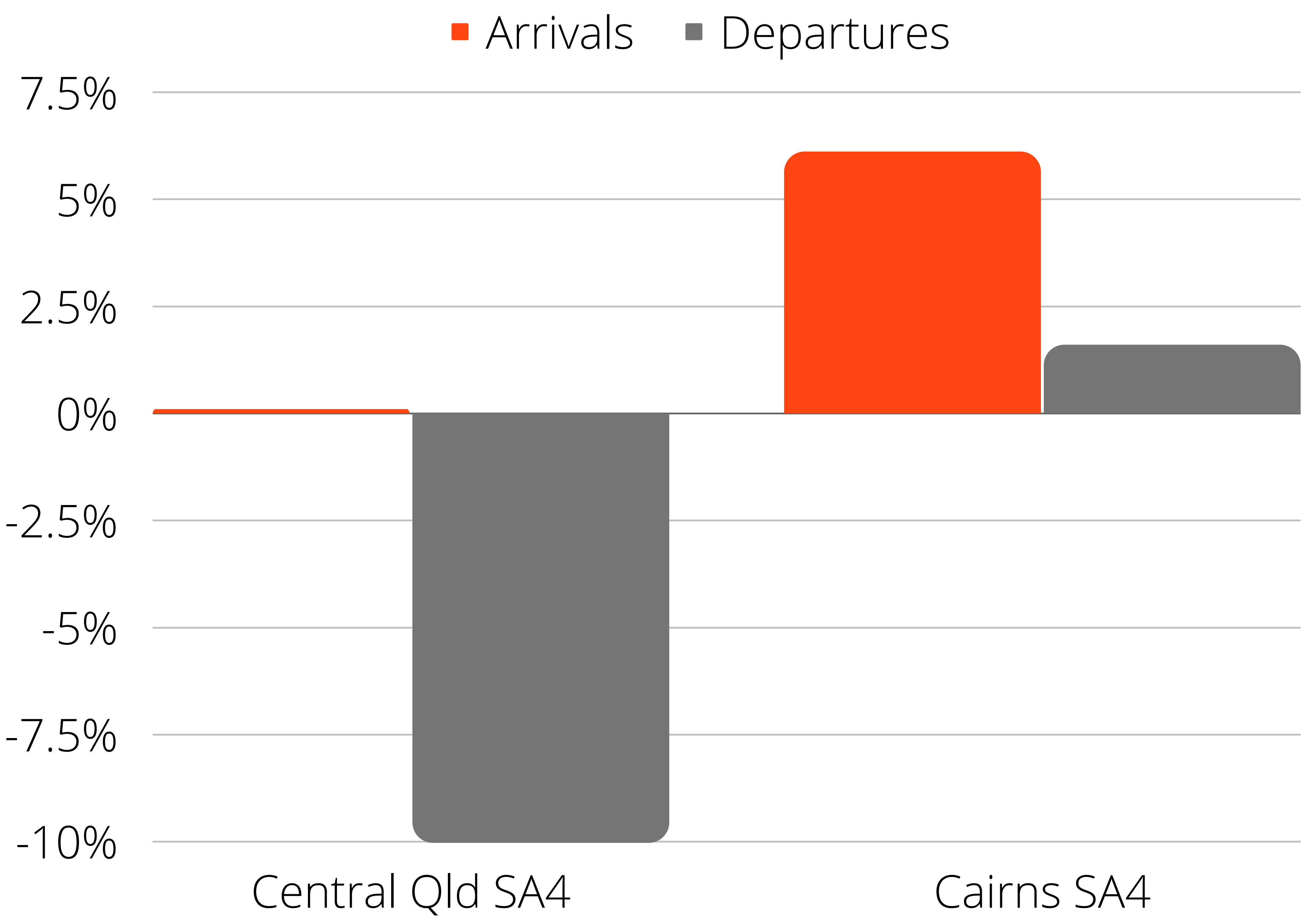
In some places, recent population growth was due to less people leaving

Drivers of population change vary across Qld

Population change by component by selected region

% Change 2017 to 2019 average vs 2020-21



Central Queensland SA4

- Population grew by 0.6% p.a. between 2019 and 2021.
- This was mostly due to less people leaving.

Cairns SA4

- Population grew by 0.5% p.a. over the same period.
- This was due to more people moving in.
- But growth was slower than pre-covid due to overseas departures.

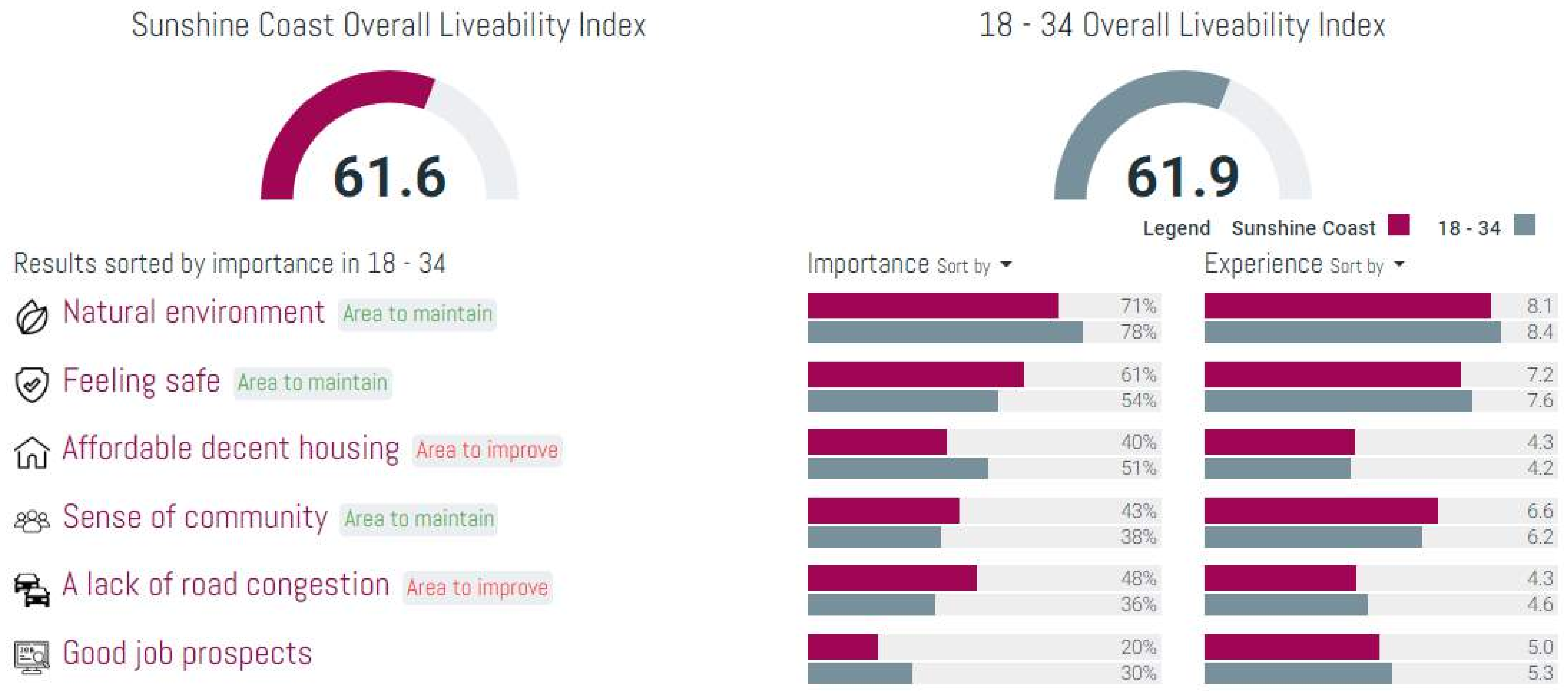
Source: ABS Regional Population, 2021

Identify pull factors to help attract and retain talent

Case Study: Sunshine Coast Living in Place Survey

- Like many regional areas, Sunshine Coast has an older population and loses 18-34 year olds to metropolitan areas.
- Understanding local pull factors for 18-34 year olds may provide opportunities to attract more younger workers (and keep them).
- Sunshine Coast Living in Place Survey highlights opportunities to attract younger workers:
  - Marketing the natural environment,
  - Improve affordable housing and diverse housing options
  - Address congestion issues
  - Communication around emerging job prospects to change perception.

Living in the Sunshine Coast for 18-34 year olds



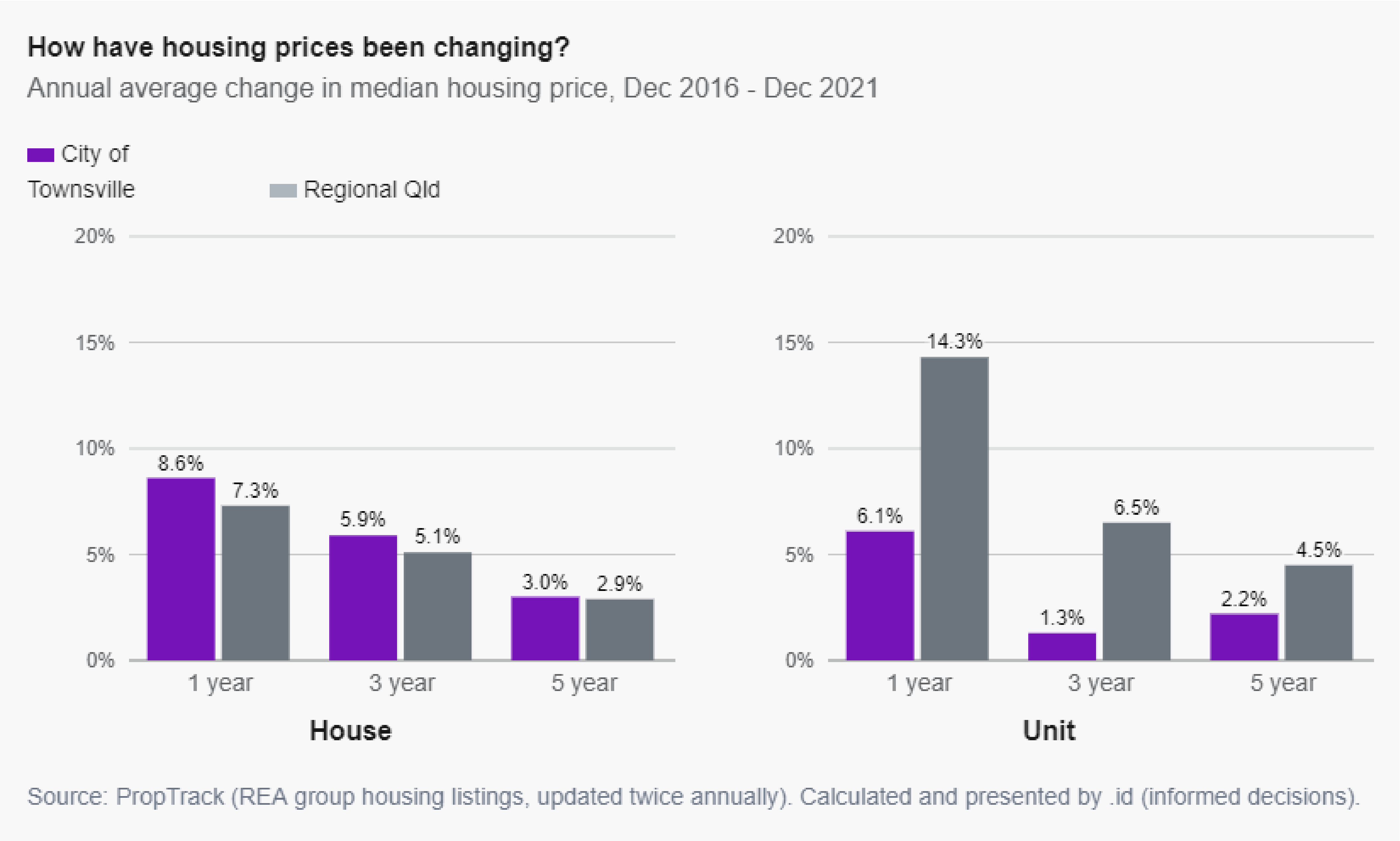
Source: .id community views

Consulting tip: Use the 2021 ABS Census Migration Data to profile who has moved in - where did they come from, how old are they, what type of work do they do, what are their incomes, what type of housing did they live in, etc

02 Housing affordability

Housing affordability has become a regional issue as well

With implications for liveability, spending and attracting labour



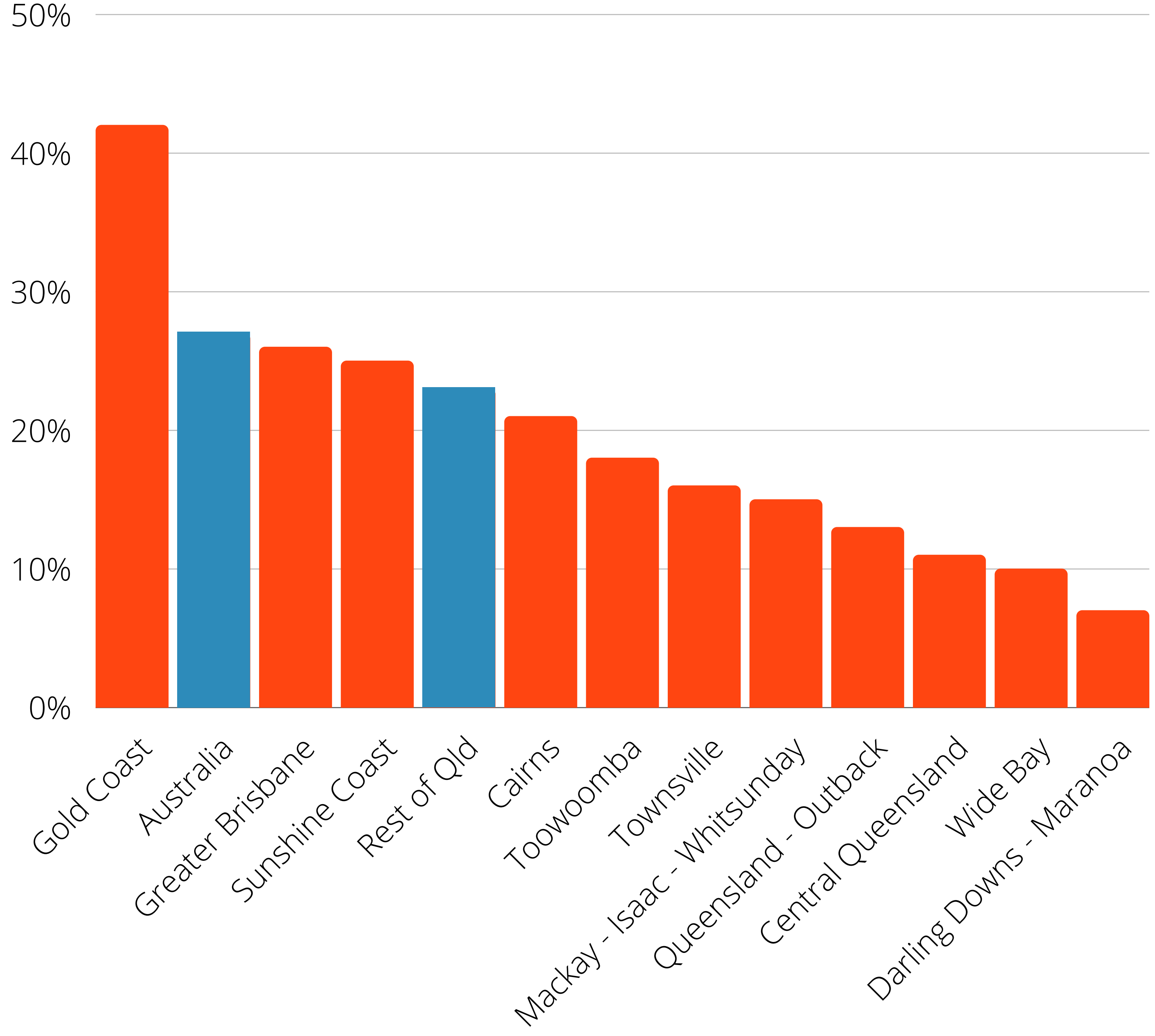
- Regional QLD median house prices went from $458k in Dec 2019 to $515k in Dec 2021.
- Median house price in Regional Qld is now 3.9 times greater than household disposable income (up from 3.7 in 2019).
- Median rental costs in Regional Qld up 6.5% between Dec 19 and Dec 21 to reach $450/week.

Housing supply and diversity are critical to successful economic development

Limited housing options can squeeze out economic opportunities

Dwelling diversity by region

Medium and high density % of total occupied private dwellings



Source: ABS Census of Population and Housing

Despite household size falling in Queensland, we are building more larger dwellings:

- Household size has fallen from 2.57 in 2011 to 2.51 in 2021.
- Smaller dwellings increased by 442,000 between 2011 and 2021, while larger dwellings increased by 1,400,000.

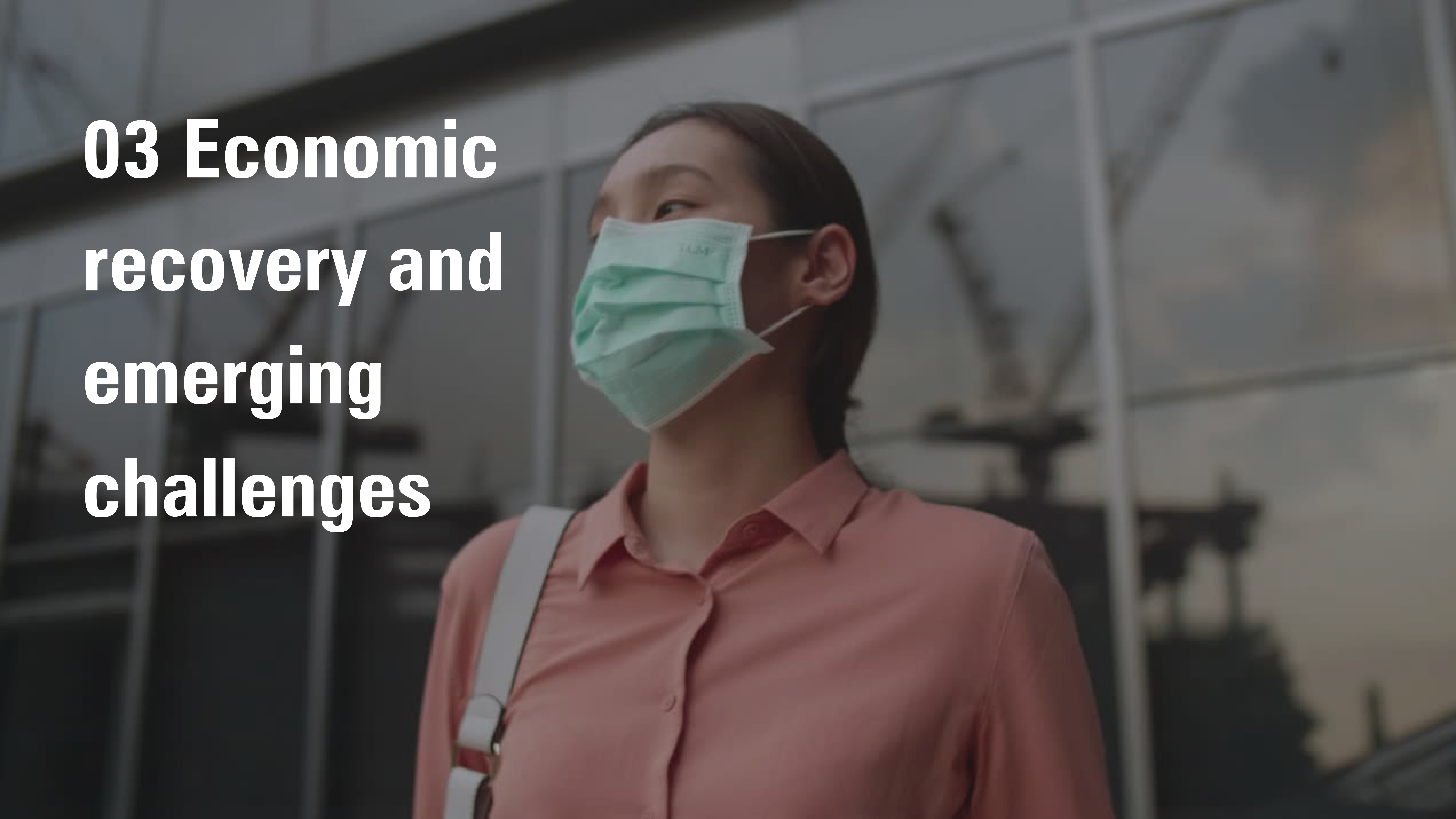
Rental vacancies are at record lows

- Queensland Vacancy Rate: 0.7% (REIQ, Mar 22)

Impacts on liveability and worker attractions

- Our annual national Living in Place survey for 2022 found that Regional Coastal communities selected affordable decent housing as one of their top five attributes that makes somewhere a good place to live.

03 Economic recovery and emerging challenges

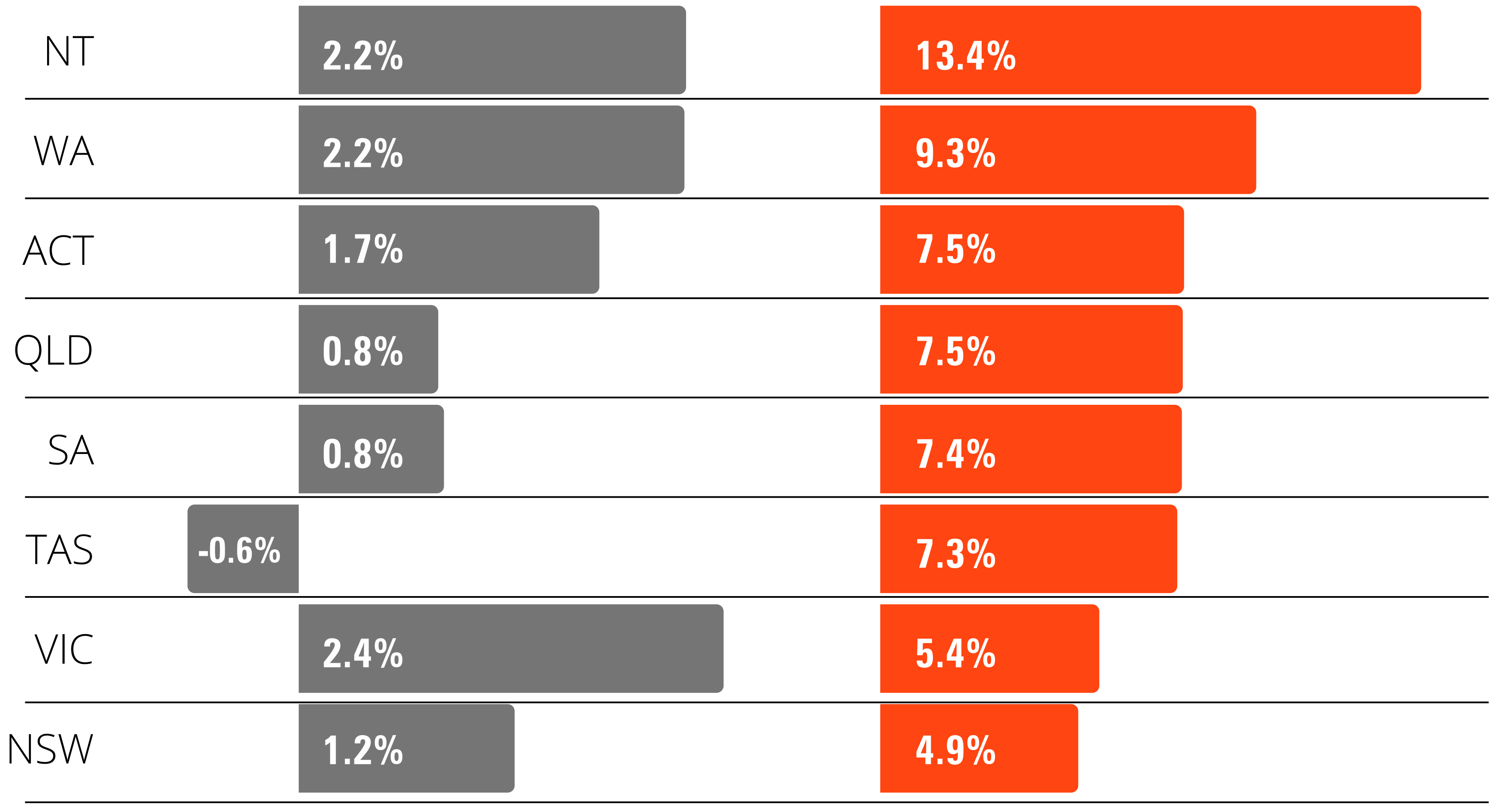


This allowed Queensland's economy to recover faster than Vic and NSW

Driven by higher consumer confidence, private investment, government stimulus and favourable agricultural conditions.

Economic activity by State or Territory, Mar 22

% change last quarter (Dec21 to Mar22)   % change since COVID-19 (Dec19)



Source: ABS National Accounts

Household spending rebounded

- Minimal impacts on household expenditure due to lockdowns.
- In May 22, Qld's household spending was 21.7% higher than pre-covid levels (Aust at 17.7%)

Strong demand for housing

- Homebuilder scheme impacts
- Housing demand and falling household sizes

Private investment accelerated

- Non-dwelling construction driving non-dwellings (e.g. renewable energy projects, offices, hotels, entertainment).

Favourable agricultural conditions supported Regional Qld growth

- Strong demand, elevated prices and favourable conditions saw the value of agricultural production increase by 20% in 2021/22 (24% greater than the 5 year average)

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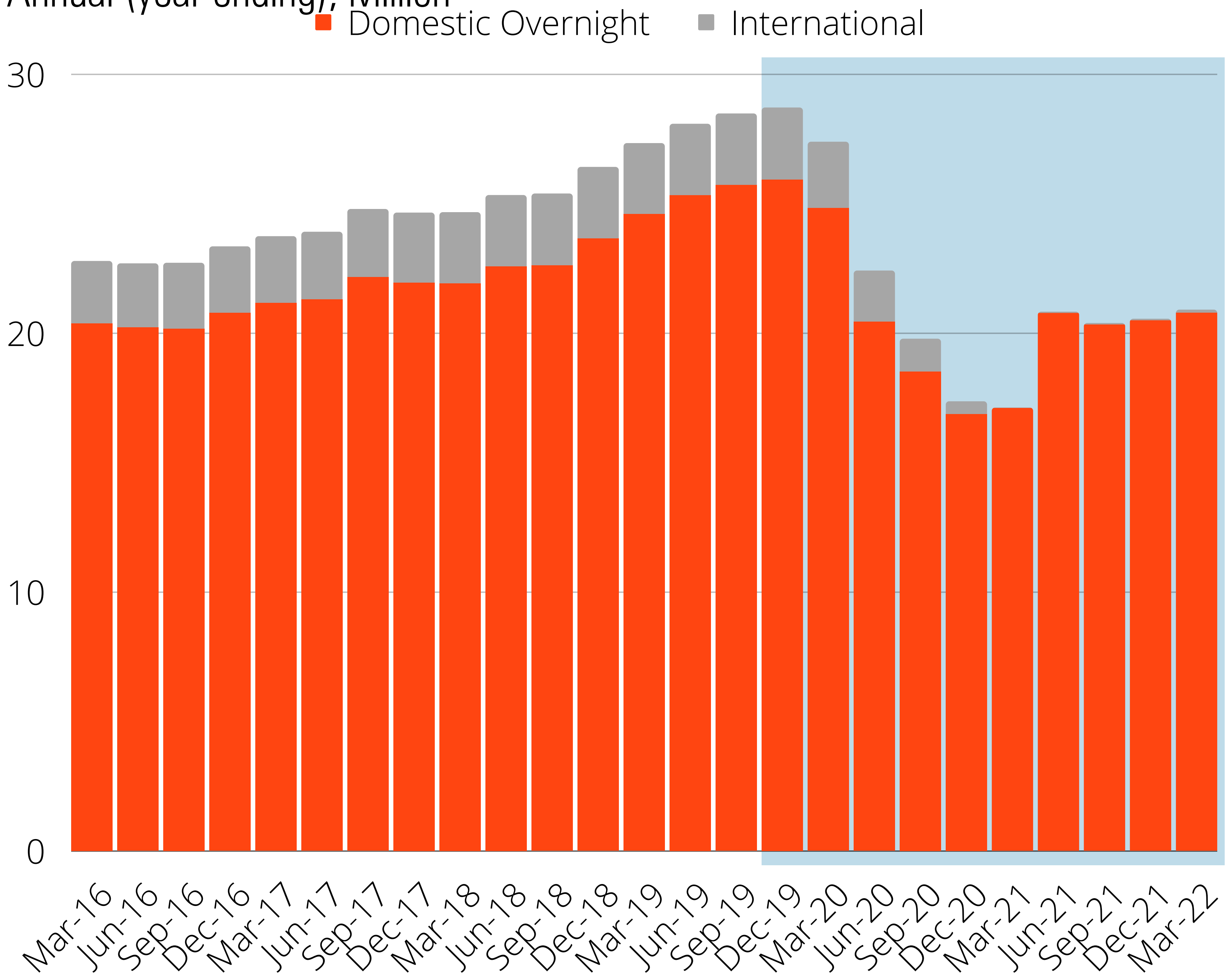
Tourism is still in recovery mode

But domestic travel coming back and international visitation about to ramp up

Qld Tourism Visitation

Annual (year ending), Million

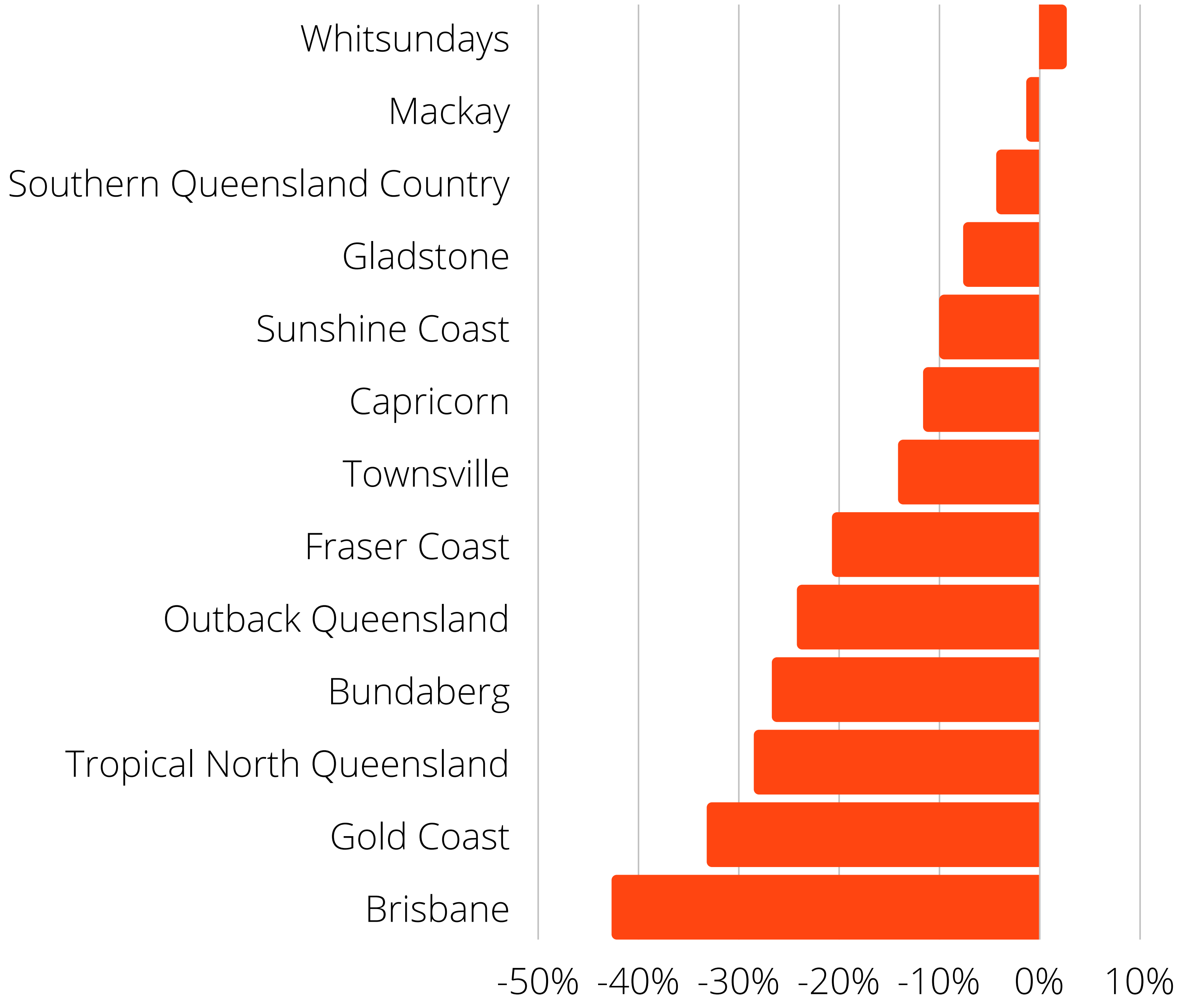


Based on a 4-quarter moving averages

Source: Tourism Research Australia

Change in tourism visitation by Tourism Region

Change March 2020 to March 2022 (year ended)



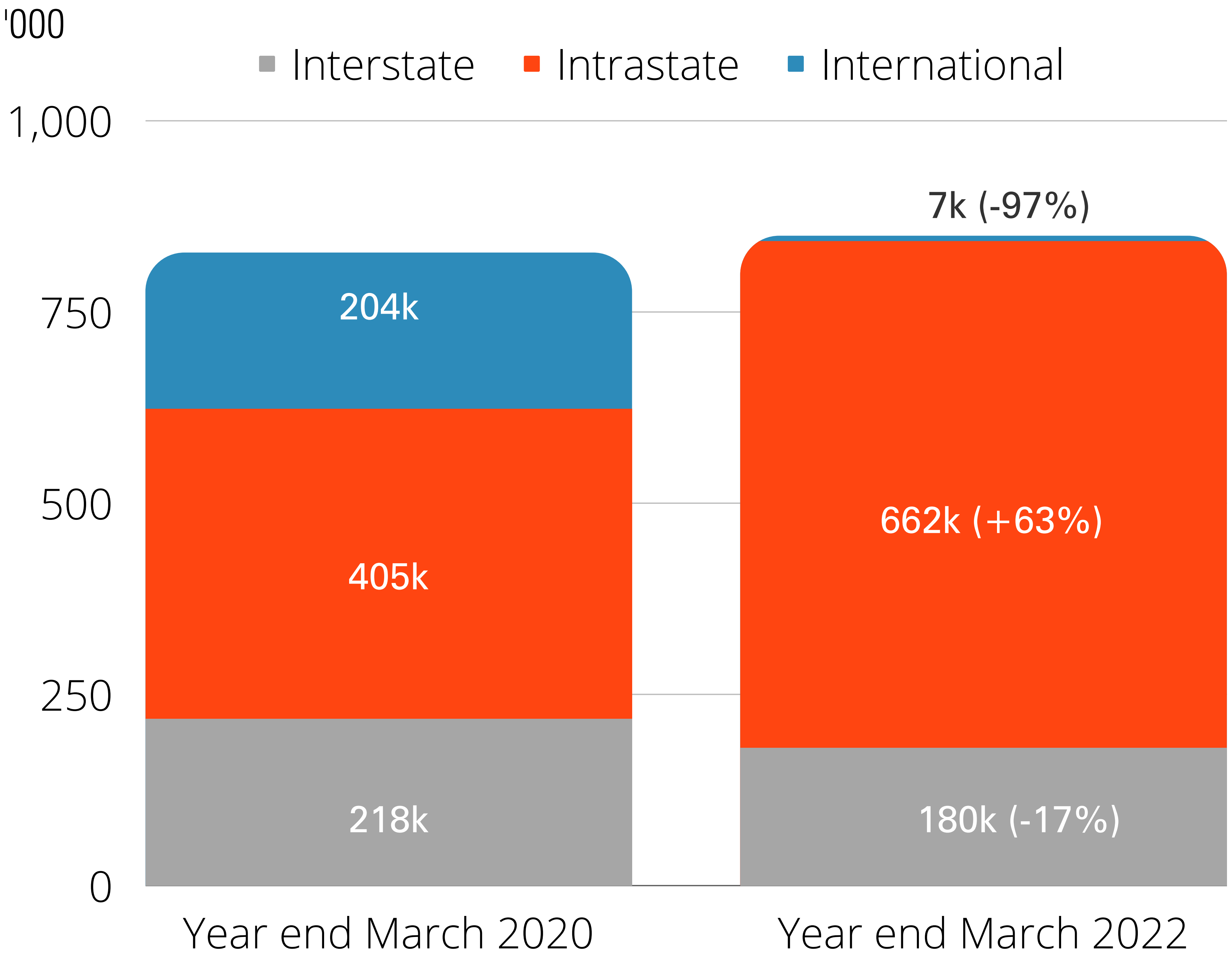
Includes domestic overnight and international visitors

Source: Tourism Research Australia

But not for all tourism destinations

Whitsundays tourism boom - SEQ visitation has replaced fall in international visitors and spending more

Tourism visitation to Whitsunday Tourism Region



- Tourism expenditure has increased from $908 per visitor to $1,345 per visitor.

Based on a 4-quarter moving averages

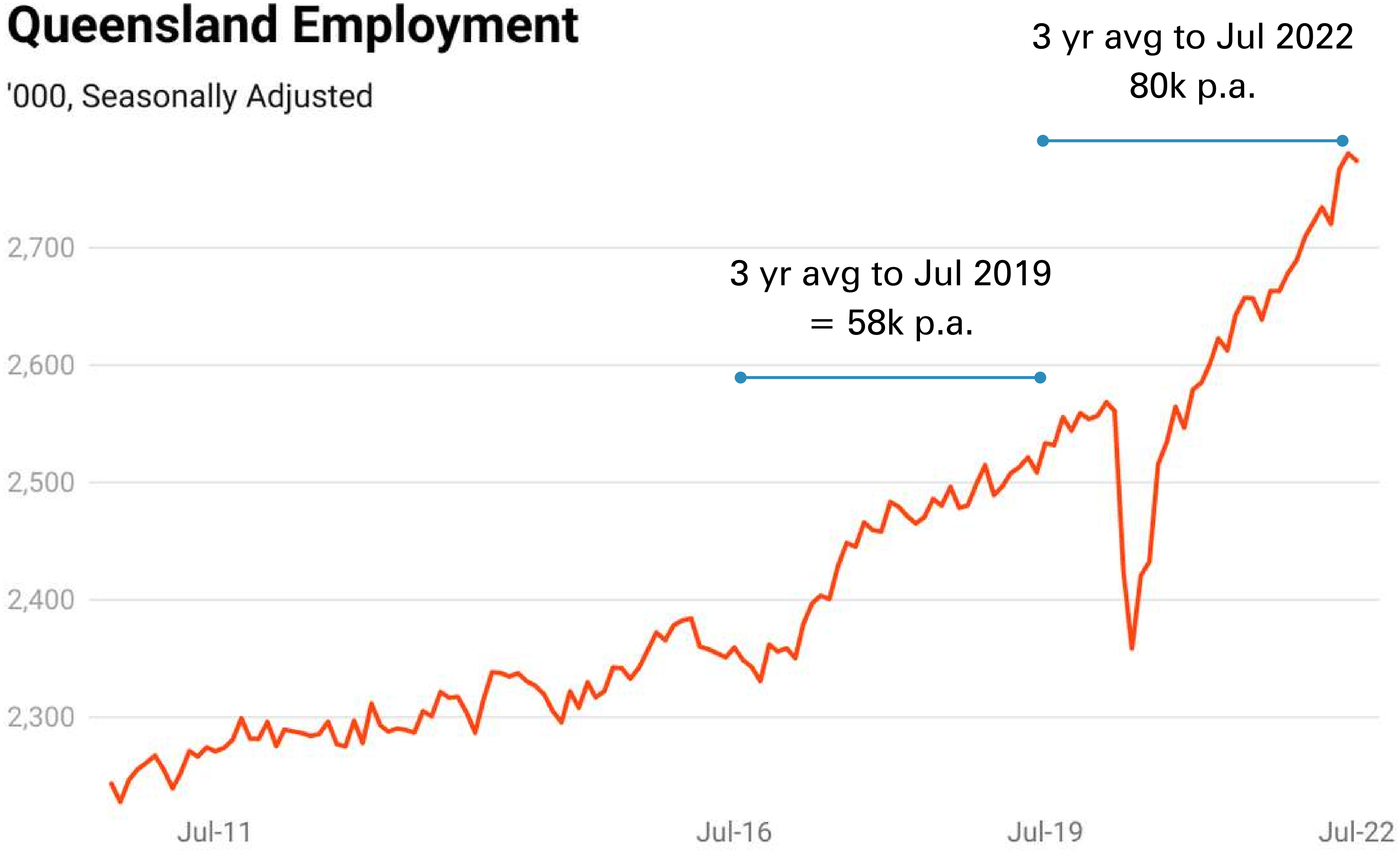
Source: Tourism Research Australia

Employment rebounded faster than the national average

Labour force conditions continue to strengthen

Queensland Employment

'000, Seasonally Adjusted



Source: ABS Labour Force • Created with Datawrapper

Key labour market indicators, Queensland

July 2022, and change since March 2020

Employment	▲ 8.3%	(+4.3% Aust)
Monthly hours worked in all jobs	▲ 6.5%	(+4.0% Australia)
Unemployment rate	▼ 2.0% pts	(-1.9% pts Aust)
Participation rate	▲ 1.5% pts	(+0.5% pts Aust)

Seasonally adjusted data

Source: ABS Labour Force

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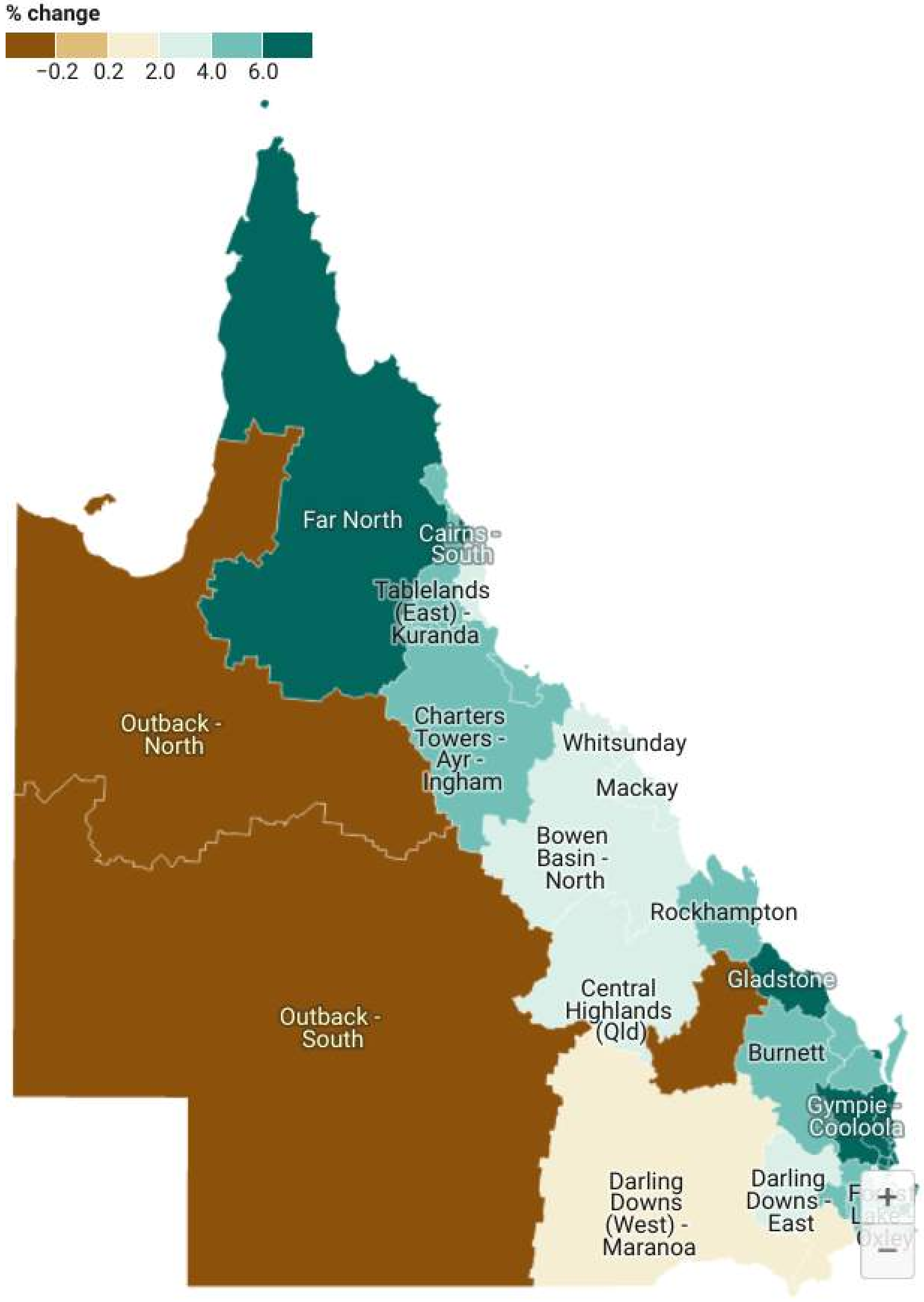
Payroll jobs have recovered across most areas of qld, but the pace of growth varies.

% change in payroll jobs by SA3

14 March 2020 to 11 June 2022



A significant number of jobs in the data are assigned to Queensland but have been unable to be assigned to a particular region within Queensland. As a result, the regional data may not accurately reflect employee jobs trends.

Map: .id • Source: ABS Weekly Payroll Jobs and Wages in Australia • Map data: • Get the data • Created with Datawrapper

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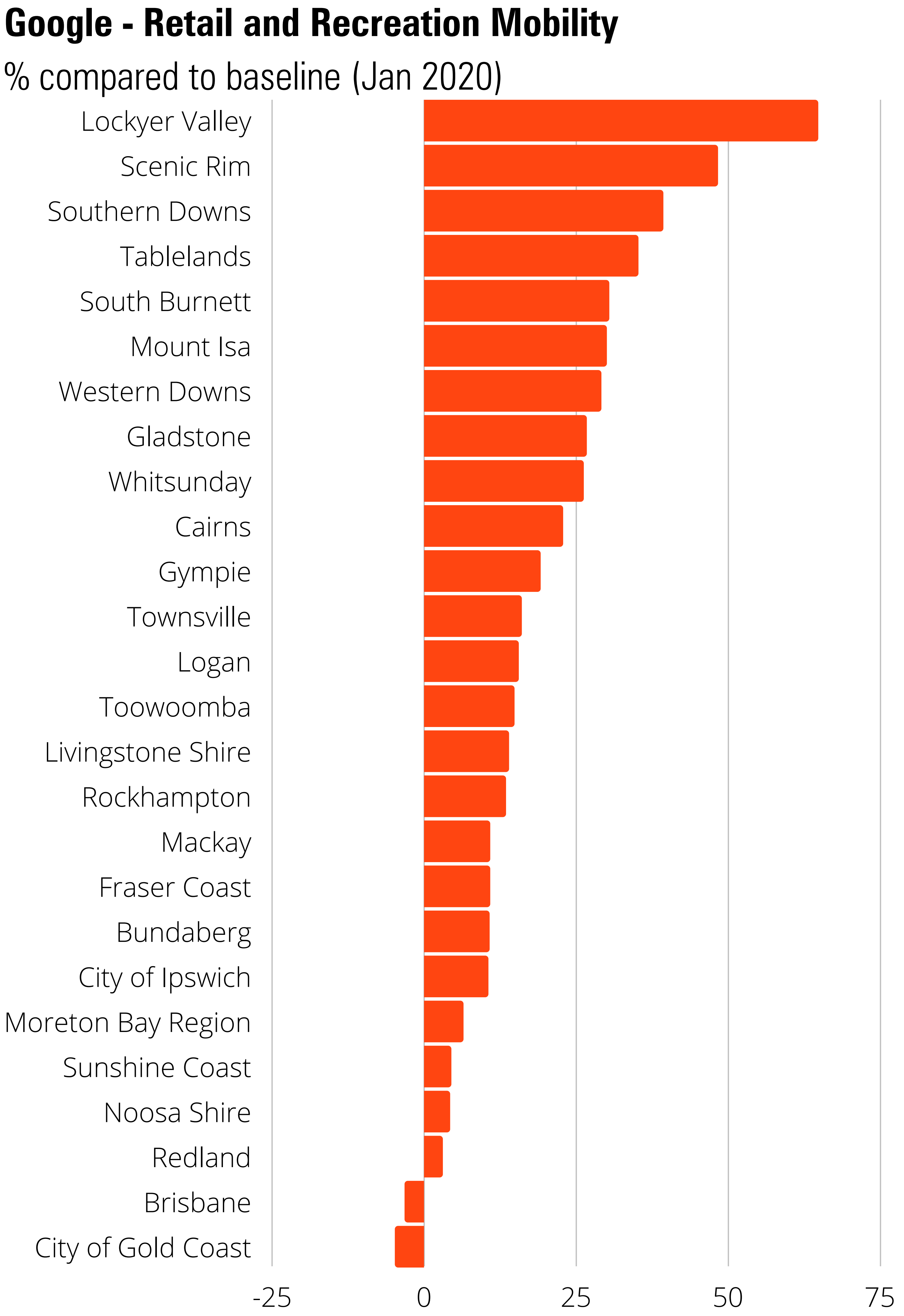
Uneven recovery in retail and recreation activity across Queensland



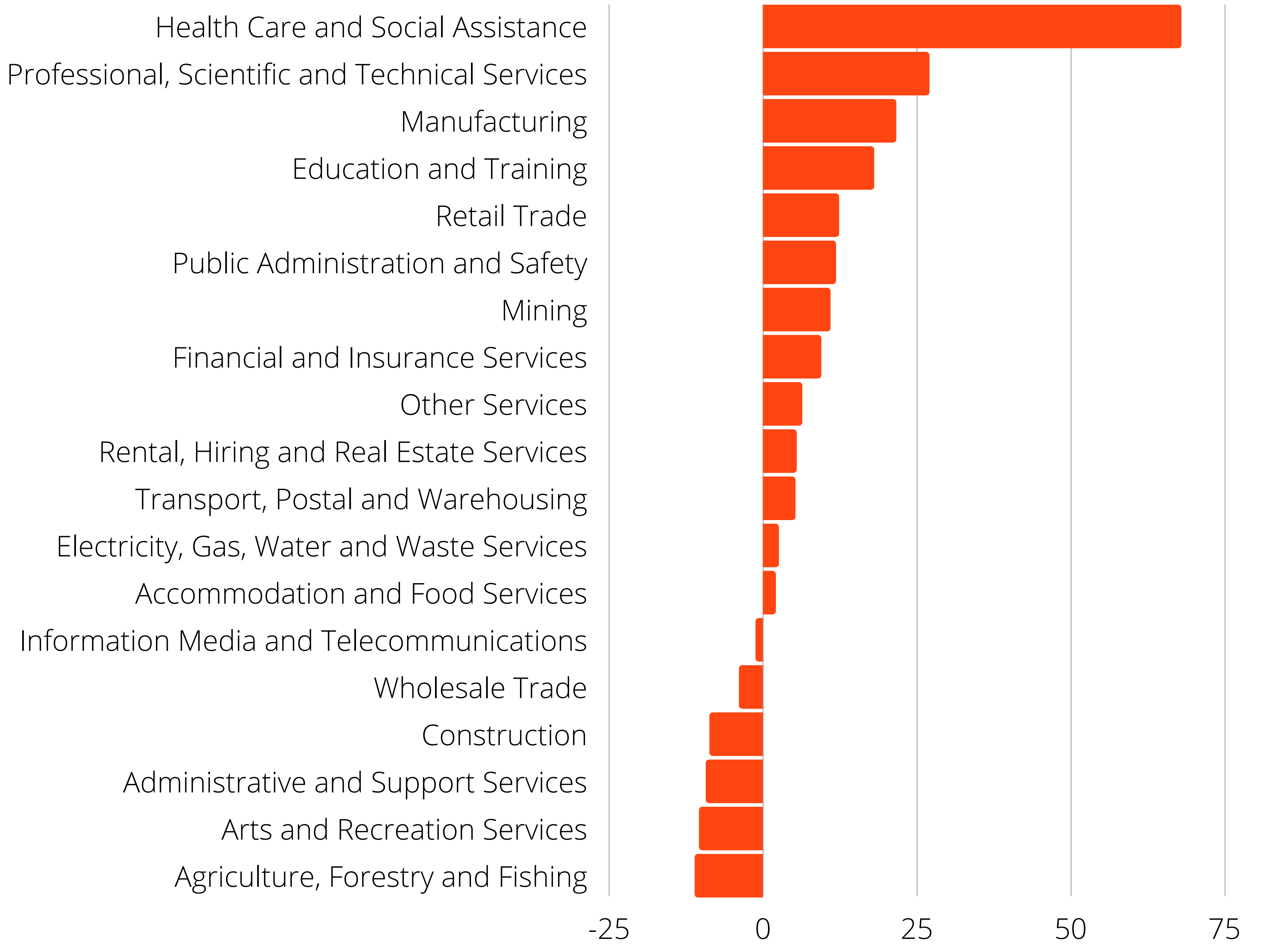
Source: Google Mobility Report

Industry performance is mixed

Employment is still below pre-covid levels in 6 industries

Employment change by industry, Queensland

% change to May Quarter 2022



- Health continues to be the main driver of employment growth.
- Professional Services, Manufacturing, Education and Retail also important drivers of employment growth.
- Hospitality is back to pre-covid levels but Arts and Recreation still below.
- Subdued tourism demand / lower office activity behind slow recovery of Admin and Support services.

Based on a 4-quarter moving averages

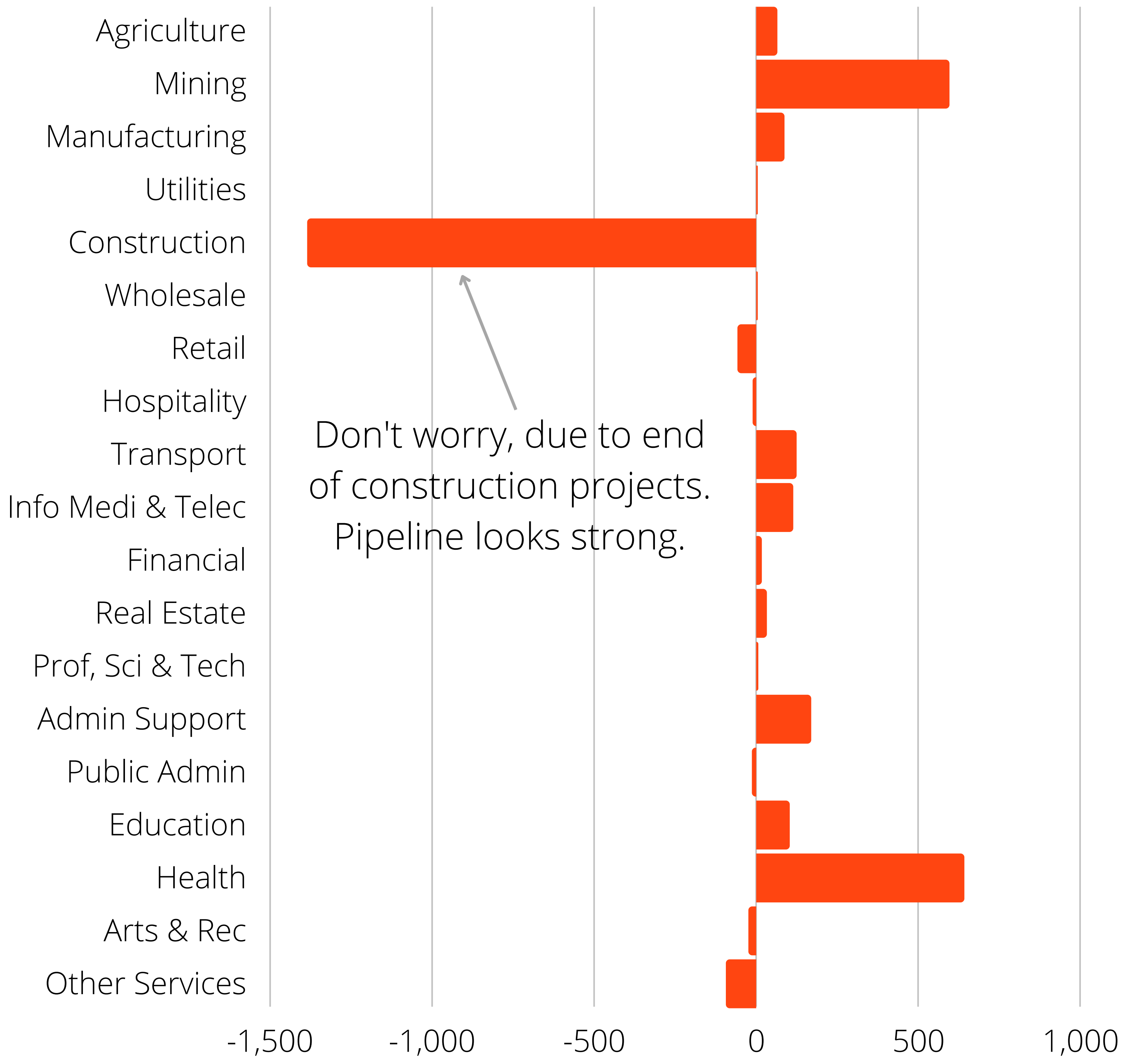
Source: ABS Labour Force, Detailed

Industry recovery is uneven and varies across Qld

Need to understand local industry conditions to develop targeted actions

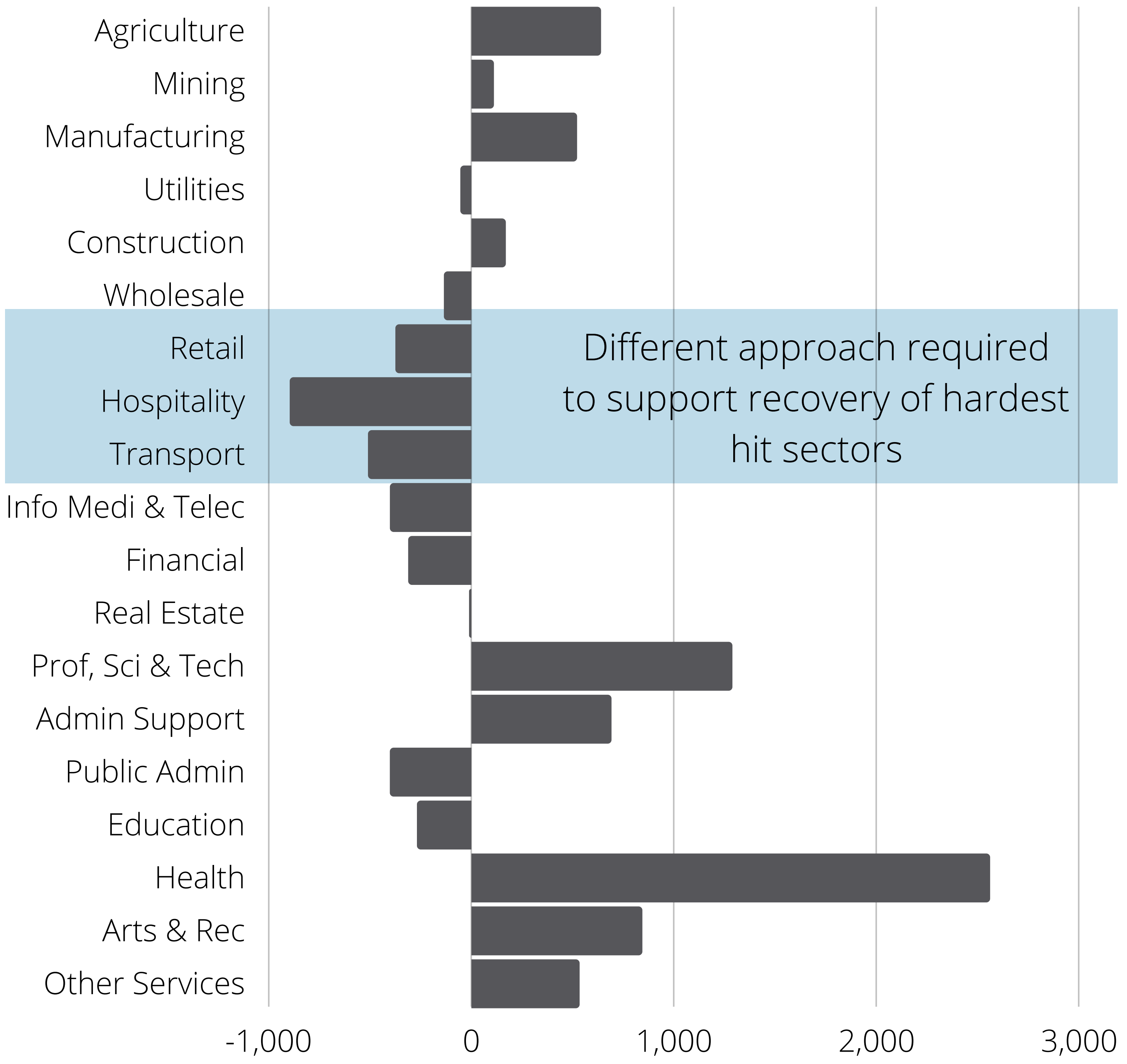
Employment change by industry 2019 to 2021 - Whitsunday

Local jobs (place of work)



Employment change by industry 2019 to 2021 - Far North Qld

Local jobs (place of work)



Inability to find suitable staff

This concern is felt by businesses across Australia

The level of recruitment activity in Qld remains significantly elevated compared to pre-covid levels

- Job advertisements in Regional Qld recorded an increase of 105% compared to pre-COVID-19 levels.
- Job advertisements in Greater Brisbane increased by 98%

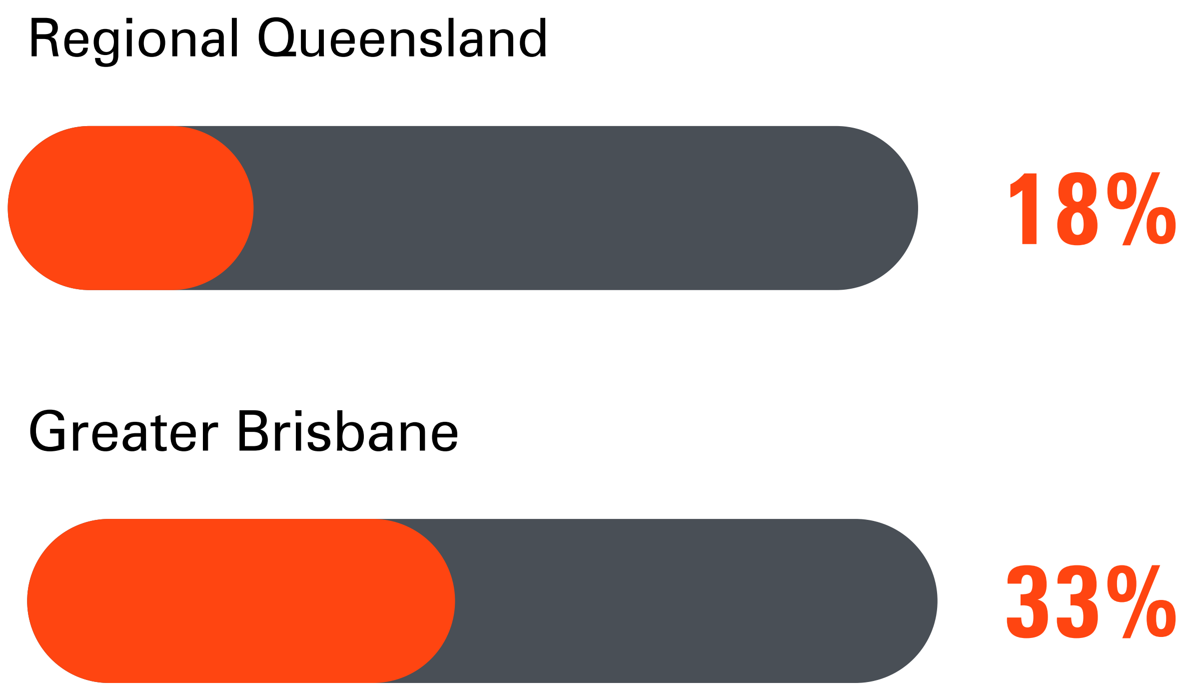
Regional Qld Occupations in Demand (Feb 20 to Jun 22)

- Cleaners and Laundry Workers +196%
- Hospitality Workers +190%
- Carers and Aides +173%
- Sales Assistants and Salespersons 172%
- Food Preparation Assistants 167%

More than nine out of 10 jobs will require further study after school

Current skill levels well below metropolitan average - this may limit business attraction

% population (15-64) with a Bachelor or Higher Degree, 2016



Excludes not stated and inadequately described
\Source: ABS Census of Population and Housing

5 year skill projections, Australia

Jobs in Science, Technology, Engineering and Maths (STEM) are predicted to grow by 14.2%, twice as fast as non-STEM jobs (7.4%).

More than nine out of 10 new jobs will require a post-secondary school education

Source: National Skills Commission

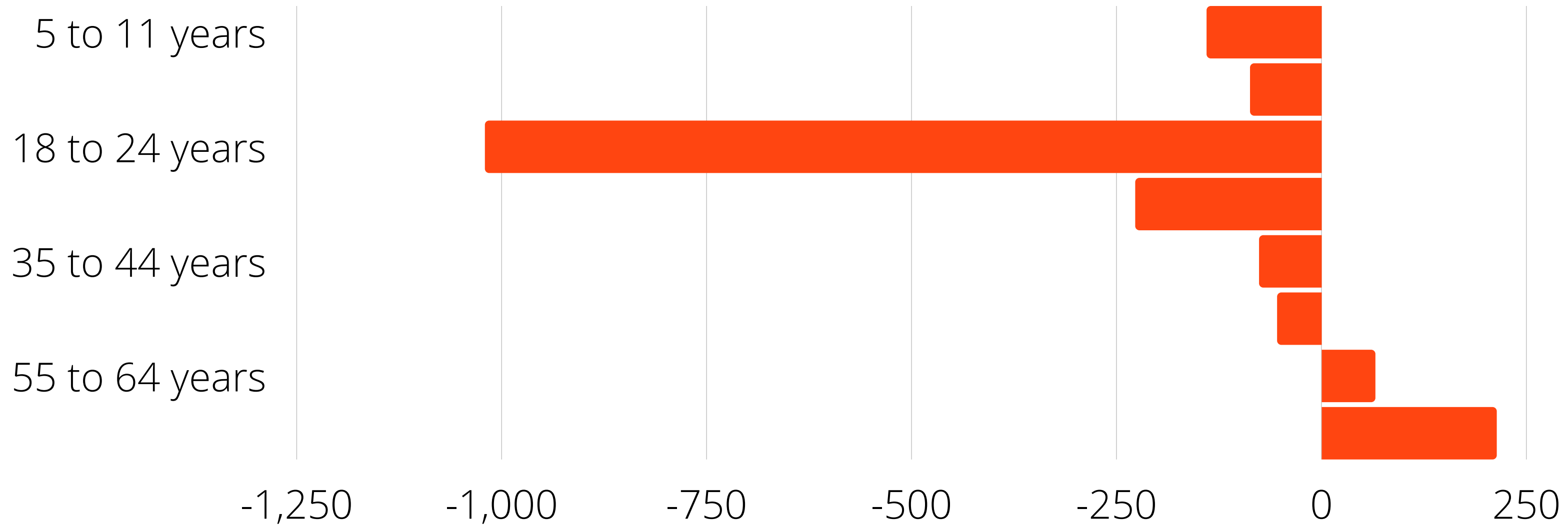
Investment to address skill shortages & retain skills

Case study - Rural Clinical Health School, Shepparton

Project need demonstrated by evidence:

1. Improve health outcomes in regional Victoria
2. Address the shortage (existing and forecast) of rural nurses midwives and allied health clinicians
3. Diversifies the economy away from its agriculture focus
4. Retain youth

Net migration by age, 2016



Project benefits quantified:

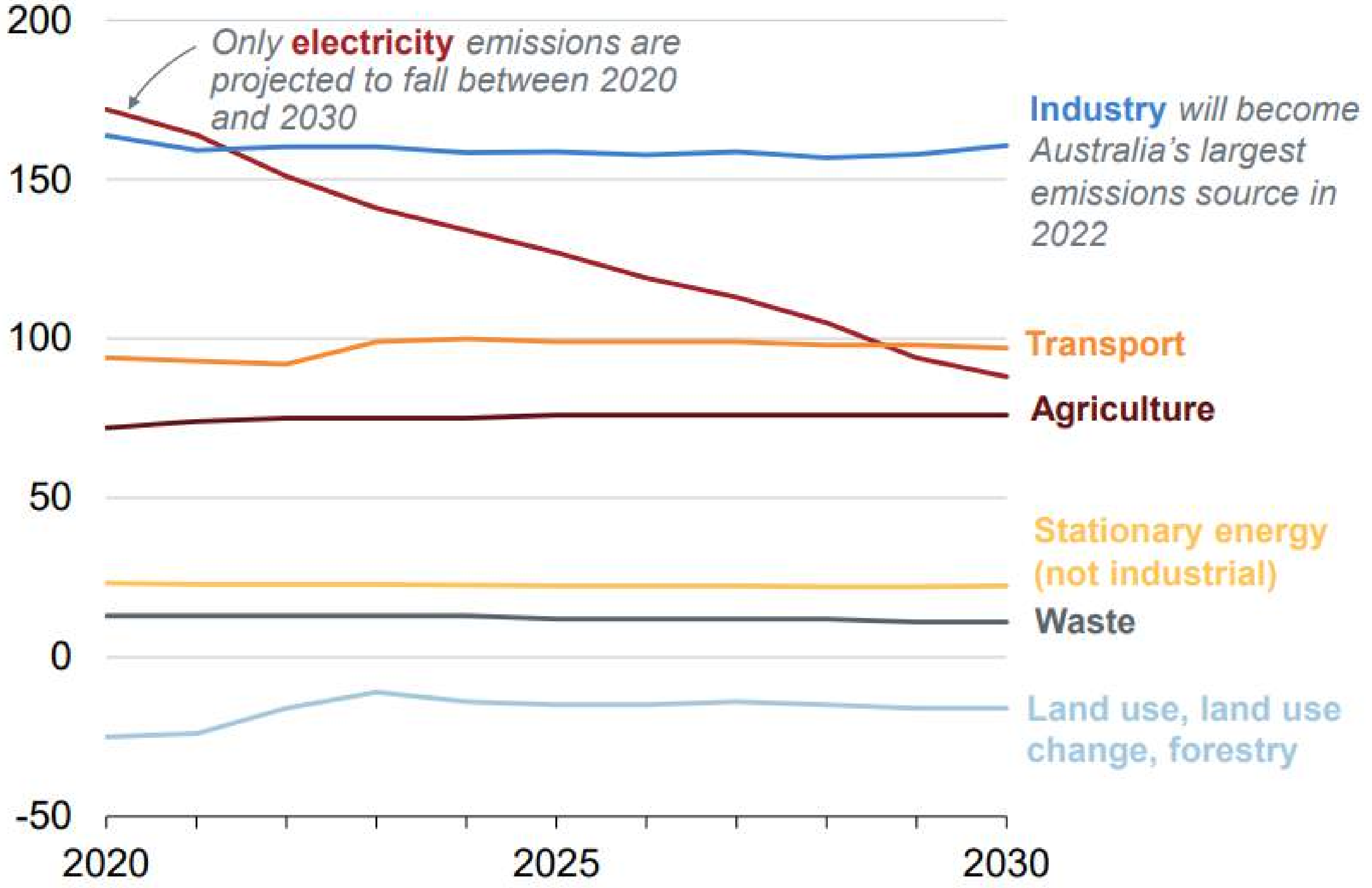
- For every $1 million investment, the project is expected to generate an additional $4.29 million of economic and community benefit.
- 125 construction jobs
- 37 ongoing jobs
- Development & retention of skills

Transformative change required to meet global and domestic emissions-reduction targets

Huge challenge to shift the dial on industry, transport and agriculture

Figure 3.1: Industrial emissions are not projected to decrease this decade

Emissions (millions of tonnes of CO_2-equivalent)



Note: Industrial emissions comprise all Scope 1 emissions from industrial processes, all stationary energy emissions except those from the commercial and residential sectors, and all fugitive emissions except those from gas pipelines and networks.

Source: Grattan analysis of DISER (2021d).

"But if the challenge is large, so is the opportunity", Dannielle Wood - Jobs and Skills Summit, Sep 1.

1. Providing genuine work opportunities for people and areas affected by decline of activities such as coal mining.
2. Transform industrial activity through low-emission technology and practices (e.g. 'green steel').
3. New activities such as low-emissions extraction and processing of critical minerals.

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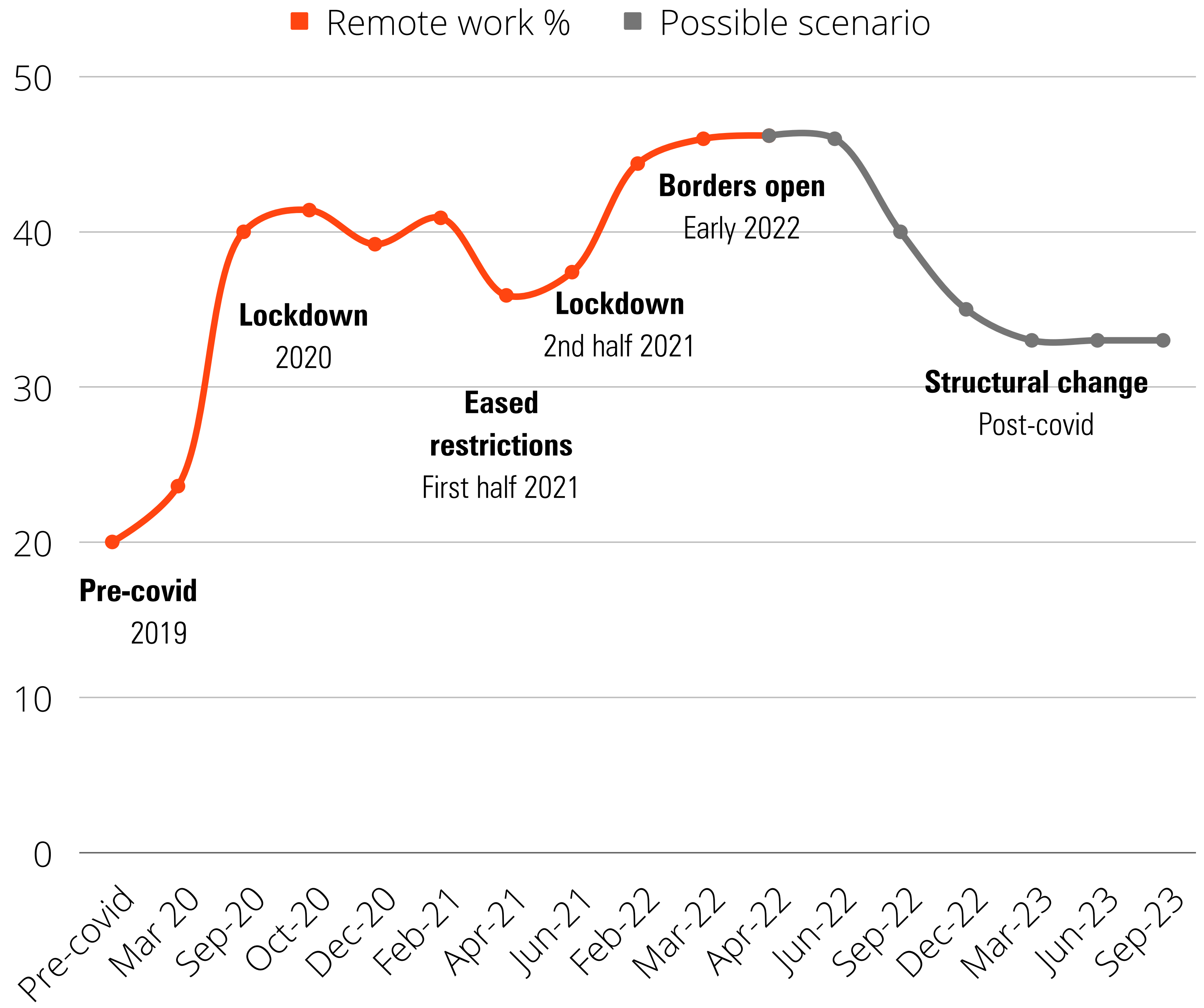
04 Digital acceleration

Remote Work has become entrenched

"one of the biggest changes to the way we work in the last fifty years" Productivity Commission

% working from home

One or more times a week in the last four weeks



Source: ABS Household Impacts of COVID-19 Survey, March 2022. Grey line based on authors view

Remote work has become entrenched

- Remote work has increased from 20% to 46%
- Quicker than other labour market changes - e.g. female participation, transition away from manufacturing, ageing of the workforce.
- Remote working fell but remained high when restrictions were eased in 2021.
- 74% of businesses expect remote work to stay the same or increase.
- Favours computer based office jobs
- Prevalent in Sydney, Melbourne and Brisbane.
- Technology is a barrier, especially for SMEs

Post COVID

- Expect around 30-35% of work to be done remotely. That equates to +3.5 million people.
- Next wave will be about experimenting with different remote models - Hybrid and Geography

Remote work potential in Qld

Building the case for remote work in Queensland

Lifestyle and liveability

Lifestyle clusters already exist - Noosa, Byron, Kiama, Surf Coast, Bunbury

Income positive

A remote working household could be $90k better off per year by living in regional qld but earning a metro Sydney wage

Hybrid work model favours locations with airports

Queensland has 9 airports in the top 25. Telecommunications service will also important.

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Catching the remote work wave

Opportunity to develop marketing strategies, invest in property, places and technology and plan for diverse housing options.

Capture metro talent

The University of New England found during recent rounds of recruitment that the possibility of flexible working arrangements has 'opened up the mindset' of applicants to move to Armidale

Commuters

Significant benefits for workers and reduced transport congestion

Digital hubs

e.g. Smythesdale Digital Hub run by Golden Plains Council

Worklife, NSW (Berry, Kiama, Coledale)

Digital nomads

Doing their job remotely from wherever they want, often while travelling and gaining new experiences.

Digital infrastructure

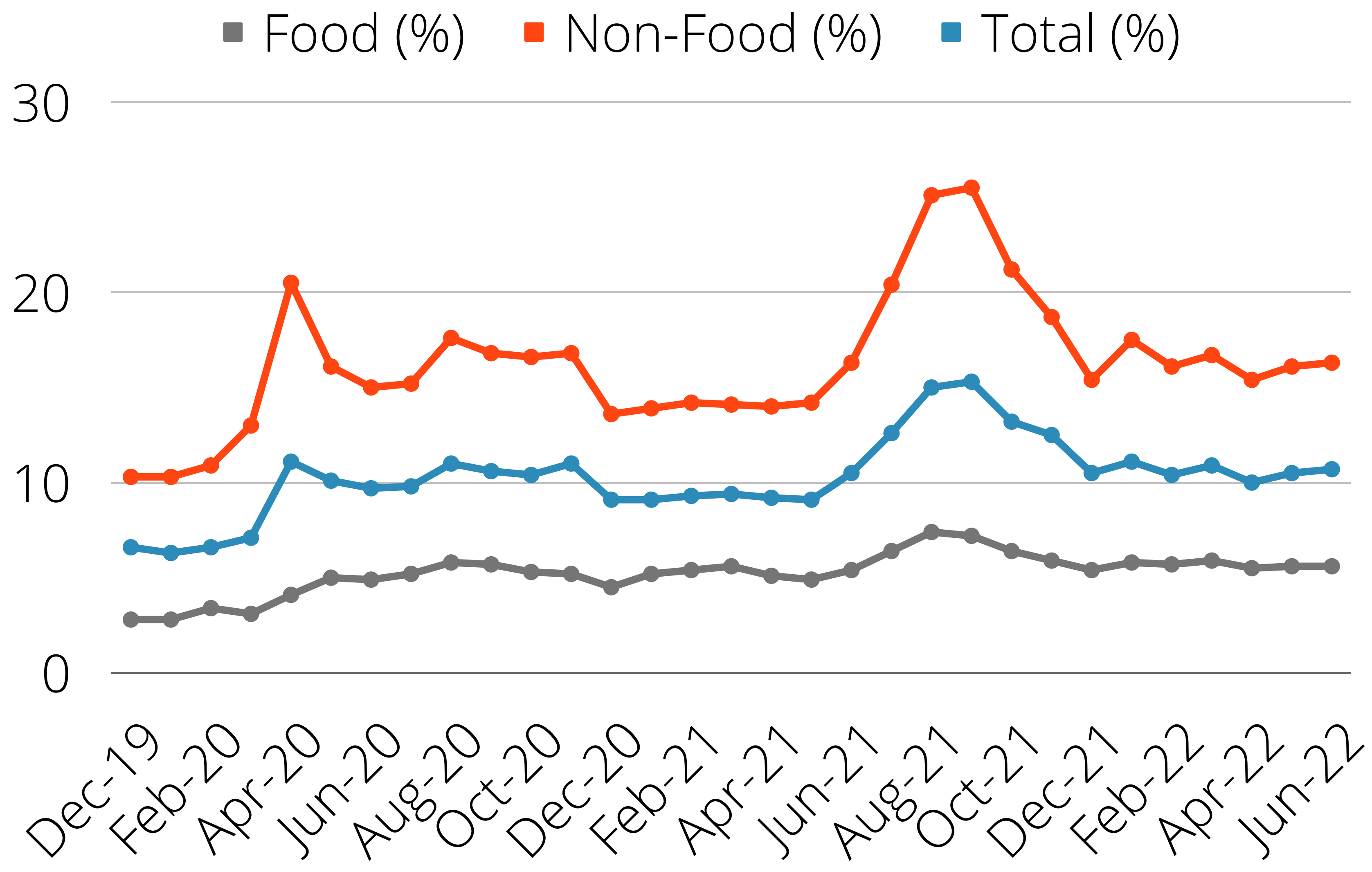
e.g. NEXTDC Data Centre, Sunshine Coast

Leading Edge DC, Tamworth, Newcastle, Dubbo

Online shopping has accelerated

This has implications for retail job growth & commercial activity. But provides opportunities to increase the catchment area for local businesses.

Online Retail Sales Share of Total Retail Sales, Australia, Seasonally Adjusted

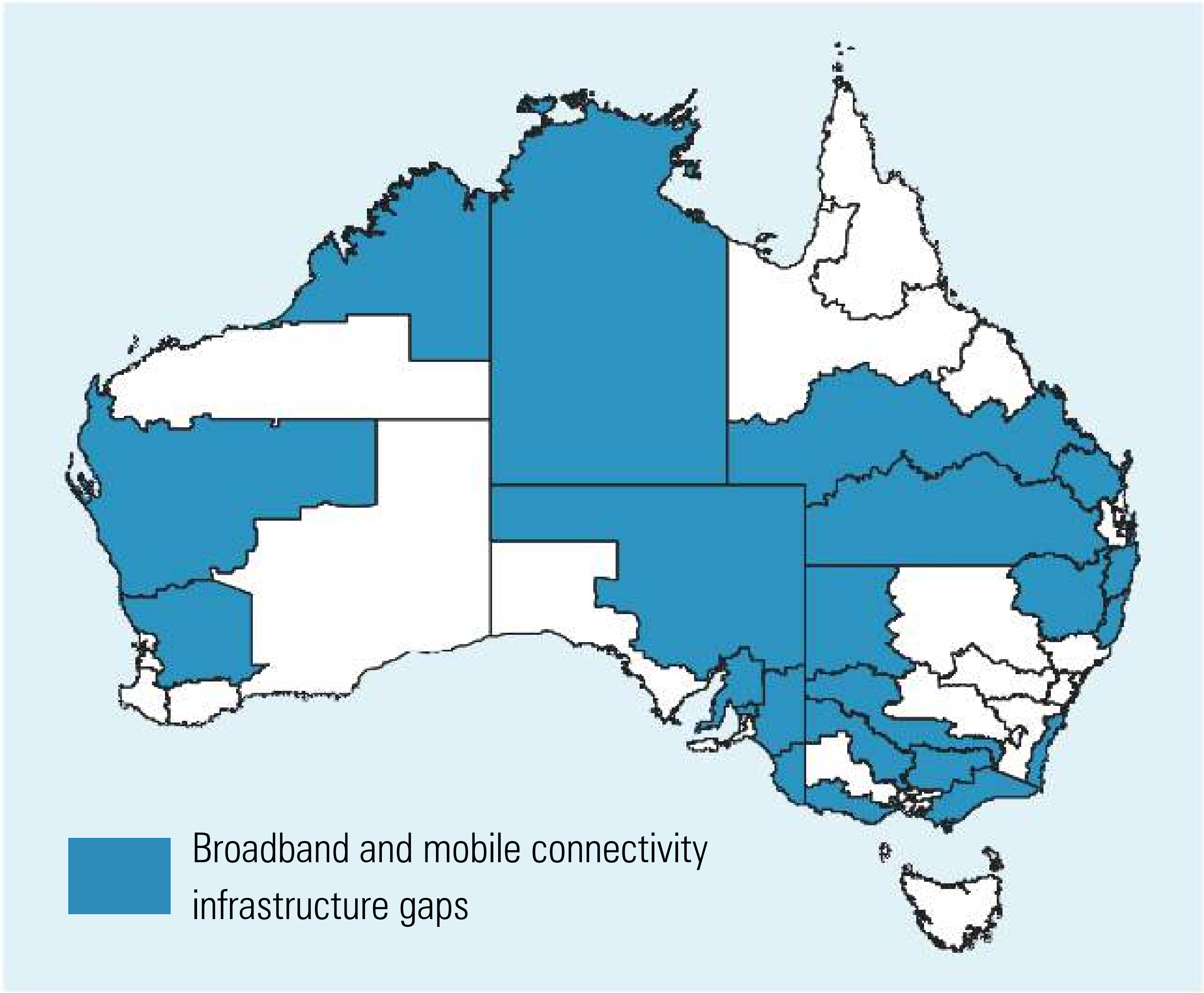


Source: ABS, 2022, Retail Trade, Australia

Some regional communities have poor internet connectivity. Skills barriers to ICT adoption also need to be addressed.

This can limit the ability of local industries to adopt technologies and reduce remote working opportunities

Regions with broadband and mobile connectivity infrastructure gaps, 2022[a]



Blue shaded areas represent regions that Infrastructure Australia has identified as having broadband and mobile connectivity infrastructure gaps
Source: Source: Infrastructure Australia (2022b, 2022c)

Small businesses are more likely to face skills barriers to ICT adoption

15%

of small businesses say skill factors are limiting their use of ICT.

Main barriers include inadequate internet, lack of skills, limited awareness and uncertainty about benefits


Making informed decisions has perhaps
never been more challenging

How local government can prepare for the next wave of growth post COVID-19

Using local area data to make informed decisions

Demographic disruption

- What are the local drivers of growth?
- Who's moving into your region?
- What are the pull factors?

Economic recovery

- How has the economy performed?
- How are your competitive industries performing?
- Complement overseas migration plan (national) with investment into local skills and training.
- What are the current & future workforce requirements in your region?

Housing affordability

- Integrate housing diversity into economic development strategies.
- Investigate housing opportunities (incentives, models, etc).

Digital acceleration

- Integrate digital investment into economic development strategies.
- Develop local digital plans based on your regions specialisations and needs.
- Invest in projects that upgrade digital infrastructure, build local ICT skills, create digital places.

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